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HUNGARY

Most Internal Conflicts Soothed at MDF Congress

91CH0325D Budapest HETI VILAGGAZDASAG
in Hungarian 22 Dec 90 pp 82-84

[Article including interviews with Csaba Gy. Kiss, former vice chairman of the MDF [Hungarian Democratic Forum], and Ivan Szabo, parliamentary deputy and member of the MDF presidium, by Florian Mezes; place and date not given: "Big Ben Has Struck; MDF National Congress"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] They are the real answer, would be one way to sum up the final conclusion of the fourth national congress of the MDF [Hungarian Democratic Forum] that was held last week. What this means is that once again, the national congress of our country's ruling party has been dedicated primarily to finding its own direction, its representatives used the symbolism of having their party headquarters on Ben Square as a quasi-definition of what the party represents, and there was much less said about the kind of changes that would be required to open up new prospects that are more promising than those faced today in MDF-governed Hungary.

Our domestic parliamentary parties are just fine, thank you very much. Now that they have all held their national conferences, this is one thing we can say for certain. In the series of conferences and meetings that began with the MSZP congress, every single parliamentary party has expressed satisfaction with its own performance. In their judgement, their policies so far have been essentially correct, and they see no need to significantly realign their present course. This was the process that ended with last week's national congress of the country's largest governing party, the MDF, where it was made clear that they were not only satisfied with their current course, but, as Jozsef Antall, the party's reelected chairman pointed out, from what had been said at the conferences of the other parties, they could conclude that in Hungary there was no other force capable of governing, nor another program that could compete with that of the MDF. The more or less solid unity within the party was attributed by Imre Konya, among others, to the proportionate representation in the presidium of the parliamentary deputies, government officials, and other MDF members. This, he claimed, was a clear indication on the part of the membership that there were no real conflicts among the party, the parliamentary faction, and the government despite the fact that many had expected these conflicts to explode at the national conference.

Rumors of similar impending "explosions" had preceded the national gatherings of the other parties as well, but in no instance did it ever materialize. The Pozsgay affair faded away; the radicals of FIDESZ [Federation of Young Democrats] failed to attain a serious role; the SZDSZ [Alliance of Free Democrats] did not break up

into factions; and finally, the MDF conference also did its best to smooth over, rather than amplify the differences that had begun to appear in statements of various forum members. Now that it is all over, those with serious concerns about the internal well-being of their respective parties can at least ease their minds of that threat. It is a different question altogether that the same thing cannot be said about the well-being of the country, but in the midst of congressional euphoria, how can one expect the parties to worry about such minor details?

Seriously, although the main theme of the party conferences of this fall and winter has been self-definition and drawing clear distinctions between oneself and others, perhaps this will open up new possibilities for the parliament, as the decisionmaker in our country's affairs, and the government, which implements those decisions, to perform their functions on a more practical plane. Perhaps having clarified their relationship vis-a-vis one another, they can now concentrate more on how they can manage Hungary's socioeconomic crisis than on, what they have done mostly so far, how they can position themselves with respect to one another.

However, besides this hope there are also plenty of doubts remaining. The parliamentary parties of our country apparently have not yet been convinced that the time has come for them to define whom they want to represent, and which social groups and strata they wish to have lined up behind them. In other words, whom they wish to serve as a mouthpiece. Unfortunately, the MDF has also failed to address these questions, even though perhaps more than anyone else, they would have the greatest need to do so. (What is even more surprising is that they are not even interested in the makeup of their constituency; when we asked them, they could only give us their total membership figures.) As the largest and ruling party they are particularly prone to the danger of perceiving themselves as the party of all Hungarians. This attitude was already discernable in several speeches heard at last week's national congress. It rang hollow when the country only had one party, so in a multiparty system, it would be especially out of place.

Claims stated repeatedly at the MDF conference, namely that the people had chosen the MDF, are based on a misinterpretation of multiparty parliamentarism, to say the least. At best, what may be said is that a majority, some 40 percent of those who participated in the elections, voted for the MDF, while the others clearly preferred someone else. A far more rational approach was offered by the party chairman/prime minister who described this forty-odd percent as the sociological foundation of the MDF's ability to govern and of its leadership strength in the parliament.

As rational as this assessment may have been, all the more childish sulkiness was reflected in another statement made by Jozsef Antall, which was quite a hit at the national congress. He said that if anyone thought that they could do a better job, they should take over and do it themselves. However, what we are talking about is not

a situation where people had been forced into governing the country, or where there was no one else to raise their hands; by winning the elections, for which it had enough ability, courage, and strength, the MDF had also accepted the opportunity and responsibility to govern. In no way would it weaken our democracy, rather quite to the contrary, if because of a minister or the entire cabinet, the parliament withdrew its confidence in the government, and if as a consequence, the government chose, or was forced to resign. It can hardly be considered the zenith of democracy to have governments coming and going with their feelings hurt by the slightest criticism. So it was expressly reassuring to hear the prime minister later say that the country did have a responsible government, which also wants to govern.

Incidentally, Jozsef Antall displayed considerable tolerance by pointing out that his party welcomed any kind of criticism. Still, it appears that there are certain types of criticism which emotionally the government is unprepared to accept. The prime minister, for example, presented a long list of things that have been said about the Antall government by its opponents, for example, that they were pro-German; that after they had established good relations with the French, they began to neglect the Anglo-Saxons; that after the recent visits by Hungarian Government delegations to both London and Washington, they got into a conflict with the Soviets; and that since the Gorbachev-Antall meeting, they have been infuriating the neighboring countries with their Hungarian nationalism, even though later it was on the recommendation of the Hungarian Government that a trilateral summit was held with the Czechoslovaks and the Poles. He could have also pointed out that it takes time to establish ties; that they could not start negotiating with everyone at the same time; or that it accepted the opposition's suggestions by placing its foreign policy on several foreign pillars. The prime minister did not mention any of these things; instead he proceeded to call the charges against his government obscene, which only weighs things on an emotional scale.

Reliance on emotional arguments is not exclusive to the MDF (although it has clearly taken the lead in this area). Judging from the messianic polemics of our parliamentary parties, which have resulted in mutual injuries of pride, one gets the sense that perhaps all of this power was dumped too quickly on their shoulders. To be more precise, the theretofore omnipotent party, the MSZ(M)P [Hungarian Socialist (Workers') Party], fell apart so quickly that the opposition parties did not even have a chance to prove that with the vigorous and obvious support of the people they had the means to destroy this power, however strong it may have been. Instead they found themselves in power practically overnight, for some faint MSZ(M)P rear-guard resistance notwithstanding, they were unequivocally calling the shots even at the national roundtable. Even more unequivocally, they were already preparing, once the sole adversary was eliminated, to jump at each others' throat. The ink on the agreement was barely dry when taking tactical differences of opinion and turning them into charges of

near treason, they began to contrive allegations against one another on the basis of speculations about who signed and why they signed the agreement without conditions; who demanded the inclusion of certain provisos before signing; and who refused to sign altogether.

It appears that the shock of having acquired power so quickly has not yet been alleviated by the fact that even though only two-thirds of the electorate cast their votes in the first round in March, there could be no question that they would be voting not for the former power, but for the, then still, opposition, which included Young Democrats, Smallholders, Christian Democrats, Democratic Forum members, and Free Democrats. It was the Green Party's Andras Szekfu who probably said it best, when in one of his recent lectures he argued that the longest lasting "blow" dealt to the country by the communist system was the fact that it had prevented the development of an alternative level of political leaders, and that this constituted the main difference between the socialist and democratic systems. In other words, today's government in power, the former opposition parties that have made it to the parliament, does not and cannot be expected to have skilled and experienced politicians, regardless of how competent their experts (if in fact they do have experts) may be. A direct result of this is that, lacking confidence in themselves, they have been striving nervously to gain political legitimacy, and that the ruling party and the representatives of the government have come to react the most sensitively to charges of incompetence.

It is all the more peculiar then that the parliamentary parties in general, but the MDF in particular, have paid little attention to the most obvious approach to gaining political legitimacy, i.e., to "addressing" the social strata they represent. There is no question that in its slogans, and also judging from its program, the MDF is the party of the middle strata; but then so is the SZDSZ, not to mention the Christian Democrats and most recently even the Socialists. If, however, everyone claims to be the party of the middle strata, it would be nice to know who among those strata wants to be represented by which party, and more importantly, which party is capable of representing whom. This will surely be required more than defining oneself as a popular-national, Christian Democratic, and national-liberal umbrella party, a description the MDF has chosen for itself. Public opinion polls have shown (HVG, 9 Dec 1990) that there are no discernible differences among the constituencies of the various parliamentary parties. This not only confirms the theory that in the last elections, Hungary voted against the former regime and was not expressing preferences among the opposition parties of that period, but it also suggests, as we were told by Csaba Gy. Kiss, the MDF's vice chairman who has just submitted his resignation at the national conference, that whichever party is the first to recognize the importance of defining which strata it represents, will gain an enormous advantage for the next elections.

At its weekend national conference, the MDF did not appear to be moving in that direction, at least not judging from the (party) political declarations and statements made there. After all, it is already a unique achievement that the economic section of the conference compiled a 23-point list of which economic solutions needed to be given priority by the party government; its other section, however, had precious little to say about the country's cultural conditions. This one-sided program definition is particularly disturbing to have come from a party that attaches such great importance to nurturing to the soul, to individual and national identity.

Sandor Lezsak's announcement could perhaps be considered an indication that the MDF also wishes to prepare itself to represent different social strata. Bidding farewell to the chairmanship for policy, the poet announced that he was establishing a Lakitelek Foundation, according to the declaration of intent, in the amount of 100 million forints, which would serve to finance the party building efforts of the MDF and its preparation for the next elections. Only if this leads to enabling the MDF to state whom it wishes to represent, and if the strata "addressed" believe that this representation is genuine, can it become a truly secure and reassured power. Then, at least, we will also know just how strong that party really is.

[Box, p 82]

A Completely Resigned Vice Chairman

Before the national conference of the MDF, Csaba Gy. Kiss, one of the prominent founders of the Forum, had also announced in the press that he would not ask to be nominated for the newly vacant chairmanship. We asked the former vice chairman to tell us about the reasons behind his decision.

[Mezes] The parties, among them the MDF, are still preoccupied with the need to ideologically define themselves. Is this still necessary?

[Kiss] Yes and no. The process of party evolution has not yet been completed, hence, it is important for everyone to find an ideological self-definition. But the debate can also be used to cover up disagreements of an entirely different nature. For example, the survival of the unfit test continues to be the rule both in the parliament and in the government. I do not wish to point to anyone by name, but for many it had taken until February and March to realize that they are MDF members, and as such they may get, and many in fact have already gotten, close to the fire.

[Mezes] I think that the parties should be worrying more about whom, and the interests of which social strata they intend to represent. In my opinion, it is the lack of this kind of self-definition that explains why so many people are being denounced as communists, and lately even as reactionaries.

[Kiss] This indeed also has something to do with the fact that none of the parties have a clear notion about whom they want to address. But in my opinion, the MDF's real problem is that they are too preoccupied with building up defensive positions and adopting a style concerned with reputation and principle....

[Mezes] Is this why you have kept yourselves so visibly distant from the party leadership?

[Kiss] The reasons are exactly as I stated them in my letter of resignation. The first is that contrary to the provisions of our draft bylaws, the chairman currently up for reelection went to the press to announce his recommendation for the post of vice chairman in charge of policy. This approach is contrary to my own liberal principles. Second, I see a kind of presidential system, if you will, evolving within the MDF. Perhaps they sincerely believe that the seriousness of our political situation demands it, but I have a different opinion. Third, I am disturbed by the great pains to which they have gone in order to prevent critical voices from being raised at the national conference. Despite the fact that it is in no one's interest to keep putting off our problems. The basic premise of socialism is that everyone is a servant. Unless we develop some degree of proprietary consciousness there will never be any progress here. Yet I see no guarantee that the MDF is prepared to break with the negative tendencies of the past few months. In this consolidated form of one-person centered leadership, what they are looking for are executors who have no desire to express separate opinions, and what I have found to be the strangest of all in the MDF of the past half year is that people are afraid.

[Box, p 83]

Who Are Those Reactionaries?

Just before the MDF's national congress last weekend, Ivan Szabo, parliamentary deputy and member of the MDF's presidium, had an article published in MAGYAR HIRLAP. In that article, among other things, he writes: "Some members of the mass media continue to fight the rear-guard battles of the bygone system, even though, temporarily at least, they may appear to be toeing the main line of the new opposition. From this standpoint, it appears that the oppositionist core of the mass media is basically reactionary." We have asked Ivan Szabo to tell us who, and what he had in mind.

[Mezes] We would like to ask you to name for us the divisions and journalists that you consider to be reactionary.

[Szabo] I cannot answer the question the way you put it. One cannot unequivocally say that a given division is entirely reactionary, or that everywhere there are journalists representing a myriad of views. I am not going to mention anyone by name because my trouble is not with individuals, but with the phenomenon itself.

[Mezes] How do you determine which writings and programs are reactionary?

[Szabo] In my opinion, those writings and programs which explain, twist, and bend our existing problems in such a way as to suggest that the country is on the wrong course are reactionary. Reactionary journalists ask questions with bad intentions that are practically impossible to answer, such as: "Yes, the situation is critical, as you no doubt also agree; there is no way out, so tell us what is the way out?" Criticism from the opposition, for example, from the SZDSZ [Association of Free Democrats] is perfectly acceptable; in fact, it is desirable. It usually simply underscores the fact that while we are after the same objective, the establishment of a market economy, we may have different ideas about attaining it. On the other hand, biting criticism uses conjectures to suggest that people under the former system lived better, and that they were earning better wages, without telling them that all of that had come at the cost of indebtedness and budgetary collapse.

[Mezes] Could you give us an example?

[Szabo] It would be hard to come up with one off the top of my head, but if I had 20 newspaper articles in front of me, I could show you what I mean. Look, this country has a governing coalition, a government. In the meantime, we have had FIDESZ-SZDSZ majorities becoming established in several localities. In no time, both became targets of news articles even though until then the attacks had only been directed at the government. This tells me that without actually coming out and saying so, they are suggesting that the entire parliament should be replaced by a new power. Let us take the case of the parliament's agricultural committee. I chair that committee, but one time it so happened that in my absence, Marton Tardos of the SZDSZ was chairing the session, when we received an invitation to come to the United States. It was unclear from the invitation how many of us were invited, so the committee decided to put off the decision on whom to send until that question was resolved. Then came the news reports claiming that the deputies got into a brawl over who should go on this free United States trip, as if a three-day American tour were such a big deal. However, the bottom line is that this was an intentional attempt to discredit people and to damage the reputation of the parliament.

[Mezes] Damaging reputations is not the same as being a reactionary, unless we assume that the act was deliberate. When we start talking about unnamed reactionaries, one cannot help but recall that this country has already seen the reactionary label used in a generalized fashion, and we all know what the consequences have been.

[Szabo] We need to give back the original meaning of some words. In the Western democracies, reactionary is an accepted concept, and it means nothing more than antiprogress. Unfortunately, in our country, many bad memories are associated with it, but it is our job to divest

it of everything except its original meaning. Incidentally, to assure you that my statement was really only aimed at certain writings and comments, I would also point out that after the taxi blockade, I noticed an incredible change in the Hungarian press. At the time, even if only for a moment, we suddenly faced the real specter of a government crisis and the danger of things getting out of hand, which stunned our whole society. This is clearly something which no one wants, so since then as a whole the press has been much more balanced and objective.

SZDSZ Bemoans Lack of Economic Policy

91CH0399C Budapest NEPSZAVA in Hungarian
25 Jan 91 p unknown

[Interview with Karoly Attila Soos, Alliance of Free Democrats (SZDSZ) representative and chairman of the National Assembly Finance Committee, by Peter Lovasz; place and date not given: "The Opposition's Crisis Management Program; The SZDSZ Prepares for Governing; Karoly Attila Soos Urges Faster Privatization and Anti-Inflationary Measures"—first two paragraphs are NEPSZAVA introduction]

[Text] The government has no economic policy program. According to opposition parties, no consistent direction is being provided and no action which could lead the country out of its crisis takes place. The ruling parties claim that indeed, an action plan exists. It is called the Program for National Renewal. On the other hand, the opposition has no alternative proposals to offer. The new finance minister promises a new economic program by spring. Having done so he indirectly admitted that there was no real economic program before.

This begs the question: Has the opposition developed any concept which could be implemented, and which could become the program for a government administration? We posed this question to SZDSZ [Alliance of Free Democrats] economist, Representative Karoly Attila Soos.

[Soos] In the SZDSZ' view, an appropriate economic policy would substantially accelerate the evolution of the market, and as a preliminary step to that, privatization. Such an economic policy would, at the same time, implement a strict monetary policy to halt inflation. The party would endeavor to receive public support for these two closely related economic policy goals.

[Lovasz] Have you prepared a specific program which represents an alternative; one which is capable of resolving the crisis and of projecting goals of long-term validity?

[Soos] We do not have a detailed program at this time. We have hardly had time to breathe since the elections. We had to take positions concerning matters placed on the legislative agenda. Since the parties do not have staffs like the government, the opposition obviously consumes much more energy in preparing itself for legislative action. Even in this way, we did everything we

could to enact the best possible laws. It has become clear by now that the present government did not prove itself to be suitable for management of the crisis. We must prepare ourselves to sooner or later take part in governance, one way or another. We formed a committee which also includes outside experts. It will soon prepare a detailed and specific economic action plan. This plan will be adjusted to become a government program if things evolve favorably.

[Lovasz] Accordingly, would it be true that the SZDSZ made efforts to oust the administration?

[Soos] No, it did not. I do not believe that the failure of the administration in the near future would be beneficial. Such failure would not be particularly beneficial if the coalition were to fall apart. This would deepen the internal uncertainty, and would not benefit our image abroad. But we must prepare ourselves for this possibility, and we must not rule out the possibility of advancing the date for the elections. A governing majority coalition still exists, but it hardly looks stable.

In principle, the SZDSZ has never ruled out the possibility of governing. True, the last time this issue arose in a substantive form was before the elections. Since then, the distance between the two parties has increased significantly. It would be difficult for us to work with certain forces within the MDF [Hungarian Democratic Forum]. In order to even raise the possibility of joint governance, a significant change in the political tone of voice, and a delimitation from the internal opposition within the ruling party would have to take place. Of course, this matter hinges to a lesser extent on a decision to be made by the MDF. Thus far, they have rejected all suggestions concerning a grand coalition.

[Lovasz] Let us return to the SZDSZ' economic program. What specific action would it take to resolve the crisis?

[Soos] The introduction of a credit system would offer far more possibilities for privatization than the barely functioning financial structures we now have, such as the Small Business Fund. In the framework of such credit system, creditors would profit as a result of the valorization of credits, and not by way of collecting high interest which borrowers are unable to pay. In other words, interest rates would be low, but the amount of credit granted would always be adjusted to inflation. The entrepreneur would also benefit as a result of this system. He would not have to pay absurd, high interest rates. On the other hand, the state would not provide benefits which exceed its own strength, because loans would be repaid at their real value, thus reducing the state's indebtedness. High interest rates could be charged by creditors outside of the privatization sphere, thus preventing an excessive outflow of money. In other words, inflation could be reduced by applying monetary measures.

[Lovasz] Would wage restrictions be a part of this?

[Soos] Only temporarily. I am opposed to wage restrictions in general, but for the time being, the proportion of state ownership, and with that, the proportion of waste, is too great. We should be aware that wage increases not backed by performance generate inflation.

[Lovasz] Is it not true that state expenditures, excessive spending by the central government, rather than wage increases, generate inflation?

[Soos] State expenditures, excessive central government spending, also generate inflation, and unfortunately, to a great extent. In the course of debating the budget, the SZDSZ introduced a modifying amendment in the parliament "worth" about 44 billion forints. After more mature consideration, only 40 billion forints' worth of change proved to be viable, but the National Assembly adopted a measure worth only 25 billion forints to improve the balance. An opportunity to save 15 billion forints still exists in this year's budget, in our view at least. We would reexamine the budget if, by chance, the SZDSZ were to play a governing role this year. Substantial reserves are hidden in the framework of tax reductions, lending, the organizing of the market, and the development of the market infrastructure. Transformation of the economic structure would accelerate, the competitiveness of production would increase on an international scale, and so would domestic supplies as a result of faster privatization and of a program which stimulates entrepreneurship. In other words, market competition would gain strength. Inflation would decline substantially if increased market competition were to be accompanied by strict, rational thrift. This is the key issue insofar as stabilization is concerned.

[Lovasz] What would you do with our foreign indebtedness?

[Soos] One should not ponder this matter for too long. We must pay what we owe. I am convinced that we would be worse off if we rescheduled our loans. Forgoing part of the debt would be conceivable only if we were to travel through hell first, i.e., if we were to pull through a very steep setback. This would cause substantial shortages in supplies and grave disturbances in society. I do not regard debt management as the key issue in resolving the crisis. Efficient and thrifty utilization of internal resources is of the essence. We must accomplish a resounding success in this regard, and this is why the SZDSZ program builds on that idea.

MSZP Leader Horn on Theft of Party Funds

91CH0399A Budapest TALLOZO in Hungarian No 6,
8 Feb 91 p 268

[Transcript of television interview with Gyula Horn, Hungarian Socialist Party (MSZP) chairman, by NAP TV reporter Tamas Forro on 1 February: "Gyula Horn: 'I Am Not Engaged in Searching for Pieces of Porcelain'"—first paragraph is TALLOZO introduction]

[Text] To the great pleasure of those who filed a complaint against him, Gyula Horn occupied the hot seat on NAP TV's program. The accusations achieved their desired goal, the MSZP [Hungarian Socialist Party] became the focal point for the press. It must defend itself, its honor. Tamas Forro served as the reporter, Tamas Gyarfás was the editor.

[Forro] Once again, Gyula Horn, the Chairman of the MSZP is in the hot seat. You were accused of many things during the past several years, but you were never accused of plundering the party property and of acquiring private gain.

[Horn] I do not receive a single penny from the MSZP. I am performing these functions voluntarily. I make a living from the salary that I receive as a representative. I did not even have a chance to perpetrate abuses because the inventory was taken in December 1989. It was checked by the accounting office in February 1990, at a time when neither Laszlo Mate nor I were...

[Forro] ...part of the party leadership.

[Horn] Yes. The inventory accurately coincided with what the accounting office auditors found. Accordingly, not a single piece of porcelain or anything else disappeared. My associates safeguard even the broken pieces of porcelain. As long as we have mentioned the State Accounting Office, it is the accounting office's view that the MSZP's accounting of its assets was inappropriate. The difficulty in accounting rests not with the MSZP, but with its legal predecessor, the Hungarian Socialist Workers Party [MSZMP]. The law requires us to retroactively account for the period beginning in 1949 and ending in October 1989. The records and the accounting procedures were different at the old MSZMP. The accounting office objected to matters like the lack of documentation for 1987. We have had terrible difficulty in gathering these things today. To top it all off, most of the property was returned to the previous owners in the form of various buildings, etc. These transactions were not documented, and this was the objection of the accounting office.

[Forro] Why are you the target? Would you agree that you personally are the target in this attack on the party, or is the party the target?

[Horn] I think that both are being targeted. Most recently I received a letter signed by "a group of Hungarian citizens." The letter contained all kinds of despicable accusations. Political charges that I betrayed I do not know what, the basis of which was for daring to criticize the activities of the Antall administration, etc. It dealt with everything except my private life. What should I do with things like these? I have received death threats, but I have become hardened by now....

[Forro] Did you learn how to live with these?

[Horn] I did. I also received threats at the time we restored relations between Hungary and Israel. I was told

that they would get rid of me within a few days. But complaints like the present one were also filed against me by the extreme left. To a certain extent I became used to this situation.

[Forro] The question is this: Why are you being targeted?

[Horn] One may assume that the MSZP is the target. If I were to get angry about that, I might just lose my head and say that I am not willing to work and to live this way in a party. I am certain that there was someone in this apparatus who cooperated in putting the complaint together. I am not immodest in saying that the party would suffer if I got angry and abandoned the whole thing.

[Forro] As long as you mentioned an inside job, could this have happened because in those days, quite a few people criticized you and the methods you used when you ascended to the chairmanship, or because of the removal of Rezso Nyers? Could it be that this thought was still alive in the minds of certain members of the MSZP? Recently someone stated on this program that he left the MSZP because of your style and manners.

[Horn] Someone said that my nature was not accommodating. This is true. Over the years I have become used to being performance oriented. Particularly when I am dealing with a movement or with a national issue, I watch out for only one thing: Who puts what on the table. However odd this may sound from a former diplomat, I do not like the use of big slogans in diplomacy either, nor do I like cunning statements. My partners in international life became used to this. As far as the change in chairmanship was concerned, last May I felt that they would either trust this chair, me, and elect me, or I would not accept the chairmanship. If they elected me, there would be several groups within the party, because one could not have a viable party that way. I stated this openly to the congress at the time. Accordingly, I was not organizing behind the back of the congress. Instead I told the delegates: Comrades, here it is, decide! Under these conditions I was willing to agree to serve as party chairman. They decided to elect me under these conditions.

[Forro] Let us return to the actual scandal! The MSZP officially announced that this matter amounted to provocation. However, at the same time, the Monday issue of MAGYAR HIRLAP published the names of banks, account numbers, facts, and documents.

[Horn] To begin with, why provoke things, and why is this matter cockeyed? There are ways and means to clarify matters if someone objects to something within the party, if someone feels that something is not in order, if he hears of abuses. It is possible to avoid the presidium or myself. We have a financial committee and a national interest reconciliation committee. Both of these have power to initiate investigations entirely independent from the party leadership. Accordingly, a person concerned about the party's interests has every opportunity to follow this path. Let us go to the other matter of,

"What proof do these documents contain?" One of the charges held was that we expropriated and sold abroad these art treasures, so they say. These were not treasures of art. This charge has totally collapsed, it was clarified. The foundations for a claim that we might have acquired any kind of gain to which we were not entitled, have collapsed. The third charge pertains to the bank deposit. In my view, something like this could be falsified, put together in the course of half an hour. I asked the professionals. It takes no great effort to put together something like this.

[Forro] But there are documents signed by you. True, since that time some information was publicized which showed that they took this out of a computer.

[Horn] Quite a few people performed a huge job in the course of accounting for our assets. A document containing more than 2,000 pages, an inventory, had to be prepared. These people turned night into day to complete this job. As recommended by the managing vice chairman, these people received a premium pay thereafter. They received one month worth of their last year's gross salary as an award. I believe things like this also happen elsewhere. Well, the proof of this transaction was attached to the letter by the person or persons who filed the complaint.

[Forro] Yet, in whose interest would it be to throw a bomb in the midst of the MSZP? After all, the party appears to be firming up.

[Horn] I would prefer approaching this matter by ruling out people. In my view, the parties seated in parliament had nothing to do with it. The other parties would hardly have anything to do with this either. But by all means, the extreme groups could have something to do with it. I attribute this matter to extreme leftwing groups.

[Forro] Some great things are happening in the world while this is going on in Hungary, however sad those things may be. As a former foreign minister, are you able to observe the important matters that take place in the world, or are you doing nothing but searching for porcelain and keeping preoccupied with matters like this?

[Horn] I am not engaged in searching for pieces of porcelain; this is the job of professionals. I never was interested in things like this. The Gulf is the key issue both in the Foreign Affairs Committee and in the context of international activities. But this is not the only important thing. I am at least as much preoccupied with the situation in the Soviet Union, in Lithuania, and in the Baltics.

POLAND

Editorial: Overview of Political Party Prospects

91EP0312A Warsaw KONFRONTACJE in Polish No 2, Feb 91 p 4

[Unsigned editorial under the rubric "In Our Opinion": "The Political Panorama"]

[Text]

1. Democratic Union [UD]

It is being organized very quickly, especially in the big cities—Warsaw, Krakow, and Poznan. Mainly older people come to the meetings. Many people come to the Union from ROAD [Citizens Movement-Democratic Action] or FPD [Forum of the Democratic Right], some are joining directly. UD leader Tadeusz Mazowiecki is obviously exhausted. Piotr Nowina-Konopka is taking advantage of this and is not only becoming the number two person, but also may become the leader in the near future. Up to now, UD has not worked out a program declaration.

2. Center Accord [PC]

Center Accord leader Jaroslaw Kaczynski will propose a uniform party formula while retaining the name. PC is drifting in the Christian democratic direction. This will be even more visible when liberals leave the current coalition. It has a nationwide structure. A total of over 30,000 people signed the PC statement. In terms of numbers, it is the largest post-Solidarity group.

3. Social Democracy of the Polish Republic [SdRP]

It has a solid structure and fairly stable (post-Communist) electorate. A portion of SdRP is [composed of] Alfred Miodowicz's Movement of Working People, derived from the OPZZ [All-Polish Trade Union Agreement] base. Inside the party clear personnel contests are taking place. The position of Leszek Miller and Slawomir Wiatr is weakening. Kwasniewski is adopting a wait and see position. Unexpectedly, Wladzimierz Cimoszewicz, who does not officially belong to SdRP, has become the leader of the left. In the near future, one can expect personnel reshufflings.

4. Polish Peasant Party [PSL]

Appointed as the peasant leader, Bartoscze is obviously playing on the feelings of the villages. But many peasants remember that the PSL changed in Warsaw, while out of town they continue to encounter the ZSL [United Peasant Party] machine. The task for the coming months is to achieve complete credibility in the villages. The lack of alternative structures may make this easier.

5. Liberal-Democratic Congress [KLD]

A sudden advancement to the group of the most important political groups. It has about 35 branches, but generally the well-organized centers operate only in Gdansk and Warsaw. The Congress stands on professionalism and initiative. It unites a great many young people who see an opportunity for development for themselves in this environment. After delegating a total of five people to the government (Bielecki, Lewandowski, Zawislak, Glapinski, and Zarebski), Donald Tusk and Andrzej Arendarski have become the KLD

leaders (both are deputy chairmen). Economic issues are the main interest of the Congress and they are most active in this field.

6. Forum of the Democratic Right [FPD]

It is gradually being absorbed into the Democratic Union and probably will not stand independently in the elections. FPD leaders (Aleksander Hall, Tomasz Wolek, Tadeusz Syryjczyk, and Michal Wojtczak) are also members of the UD leadership. To a great extent, FPD's program is based on conservative-liberal thought, with elements of Catholic-national thought (naturally, after repudiating all extremes). They are attempting to create a modern movement based on tradition.

7. Citizens Movement-Democratic Action [ROAD]

It has very numerous sympathizers in Warsaw, but does not exist in the country. A great number of ROAD members have left to [join] the Democratic Union. ROAD leaders Adam Michnik and Zbigniew Bujak have also clearly taken a dislike to each other. Undoubtedly they will stand for election independently, without concealing their leftist convictions. During the campaign, they can count on a significant group of Warsaw secondary school students, among whom they have many followers. In total, ROAD numbers about 10,000 members.

8. PSL [Polish Peasant Party] Solidarity

A group that draws on the ideas of the popular (but not peasant) movement, but that does not have a clear economic program of its own. It will seek out a coalition partner. Some of the members have already found a place in other structures (Andrzej Kostarczyk and Sławomir Siwek are members of the PC Political Council), some (Józef Slisz and Jacek Szymanderski) are still waiting. Its greatest disadvantage: a lack of dynamism and decisiveness.

9. Democratic Party [SD]

In April, there will be a general assembly of the SD, at which the general policy of the party and its leadership will be authenticated. The SD is the last structure that has remained unchanged since communist times; but it continues to have a significant voivodeship base and structure which, given the lack of organization of other groups, is undoubtedly SD's greatest attribute. It is trying to change its image by presenting itself as liberal. The lack of leaders does not bode well for success. Self-dissolution is also possible.

10. Christian National Union [ZChN]

It is aiming consistently to build a new rightist bloc. The underpinnings of the ZChN are the Christian Citizens Movement [ChRO] and certain national-democratic groups. At the Second Assembly in January, [Justice] Minister Wiesław Chrzanowski, the elder of the movement, was against an elected chairman. The leaders of

the ZChN are three well-known delegates: Jan Lopuszanski, Stefan Niesiolowski, and Marek Jurek, as well as Antoni Macierewicz and ChRO's founder Wojciech Bogaczyk. [The party has] strong influence in Łódź, Radom voivodship, and Lublin, and, in Warsaw, large academic circles at the ATK [Academy of Catholic Theology] and the Institute of Technology.

11. Polish Social Democratic Union [PUS]

Decidedly in retreat. Tadeusz Fiszbach was unable to build a strong structure alternative to SdRP. In cutting themselves off from Communism, they also cut off their material base. Loyal and trusted Sejm speakers, PUS members are asking themselves more often: what now? Fiszbach, himself, is obviously experiencing disenchantment. [He is] one of the few leaders who was not invited to Belweder.

12. Confederation for an Independent Poland [KPN]

A section of the KPN, the Democratic Faction (which separated last summer as a result of internal disputes), did not harm the structure. Leszek Moczulski again proved to be the winner, but his start in the presidential campaign impaired KPN's authority. They are receding more and more into the background, although the KPN is the oldest anticommunist party in Poland (it has existed since 1979). Unfailing in situations of conflict, impotent in a period of stability. Its main slogan—*independence*—is no longer a universal means to attaining significant support.

13. Union for Real Politics [UPR]

A large group has recently left the UPR (founding the Liberal-Conservative Party), but it is also attempting to build new branches. UPR president Janusz Korwin-Mikke has had his fling and is less active than before. The leader's controversial statements and extreme, dogmatically conceived liberalism have made a less than serious group of the UPR. It is experiencing a marked crisis.

14. Christian-Democratic Labor Party [ChDSP]

A party at whose head stands Władysław Siła-Nowicki, a very worthy patron in the struggle for democracy. ChDSP has cooperated with a fairly dynamic upstart—ZMChD (Union of Young Christian Democrats)—but the latter has chosen the Center Accord. Despite the great merits of its leader, it is not of major political significance.

15. Polish Socialist Party [PPS]

Despite the touted unification of four PPS factions, a party with very little potential. It has fewer than 2,000 members and sympathizers, led by Jan Józef Lipski and Andrzej Malanowski. Knowing that socialism is not the most popular watchword in Poland, they have adopted a wait and see attitude. They are counting on a free

(independent and leftist) union movement coming to life. They want to protect the unemployed and socialist achievements.

16. Conservative-Libertarian Party [PKL]

A pragmatic wing growing out of the UPR, concentrated around Lodz businessman Slawomir Jaruga. They have a dozen or so small branches. The main centers are: Warsaw, Lodz, Szczecin, and Wroclaw. They aim to create a broader liberal coalition with the KLD.

Walesa's Speech-Writing Operation Outlined

*AU2503204291 Warsaw GAZETA WYBORCZA
in Polish 23-24 Mar 91 p 2*

[Article by (knysz): "Who Writes the President's Speeches?"]

[Text] We have learned from the Presidential Office that most of President Lech Walesa's speeches are written by the Presidential Political Service Team. Apart from the head of the team, Under Secretary of State Jacek Maziarski, the speeches are written by Teresa Bochwic from TYGODNIK SOLIDARNOSC, Maciej Rosolak from SPOTKANIA, and Waldemar Piotrowski, who also writes for TYGODNIK SOLIDARNOSC. The Team consists of four people, plus a secretary.

Because all four are journalists, the speeches have to be prepared with the assistance of experts from the relevant ministries and in concert with the appropriate sections in the Presidential Chancellery (e.g. the rural, local government, or international strategy sections).

Seventeen speeches were written for the president's visit to the United States. Because in the United States the president is meeting the U.S. President, congressmen, businessman, Polish emigres, and Jewish organizations, the material for the speeches was obtained from the Ministry of Foreign Affairs, the Ministry of Foreign Economic Cooperation, the Ministry of Finance, the Ministry of Industry, and several other organizations.

Sometimes the president helps his team. He conveyed several suggestions to it before the Solidarity Congress [was held]. They were all used.

We learn that the Solidarity leader's [speech during his] previous visit to the United States in autumn 1989 was written by the present Polish ambassador to the United States, Kazimierz Dziewanowski, among others. He wrote Walesa's famous speech to both chambers of Congress.

But Walesa's entourage claims that during his previous trip across the ocean, the chairman very often departed from his prepared speech.

ROMANIA

RMDSZ Rejects 'Collective Guilt' for Violence

*91CH0374E Bucharest ROMANIAI MAGYAR SZO
in Hungarian 1 Feb 91 p 1*

[Unattributed article: "They Bear the Accusation of Collective Guilt: Proclamation by the Deputies of the Parliamentary Group of the RMDSZ [Democratic Federation of Hungarians in Romania]"]

[Text] The parliamentary group of the RMDSZ [Democratic Federation of Hungarians in Romania] acknowledged a set of observations and proposals made by some members of the committee investigating the 13-15 June events, which apply to the 13 June events in the town of Csikszereda. We feel that the following objections must be made:

I. On the Conclusions

1. We consider it unacceptable to raise accusations against the entire population (i.e., the ethnic Hungarian Szekelys) in connection with events that involved some 1,500 persons of various ethnic background, of whom about 20 committed violent acts.
2. There are statements available to the investigating committee, made by ethnic Romanian residents of the town, which reveal that even though individuals or small groups voiced various slogans, but most of those that made statements did not hear anti-Romanian slogans. We add here that most of those arrested and later brought before the court were unemployed. There were 12 Gypsies, three Romanians, and one Hungarian.

As a consequence, we feel that the conclusion made in Report No. 1 about the above events, referring to them as "vehemently anti-Romanian in nature" to be unfounded. At the same time, we request that eyewitness reports concerning the events in Csikszereda, along with the conclusions of police organizations, be made available to the parliamentary deputies.

II. Concerning the Initiative

1. Any initiative that is aimed at an ethnic community as a whole, in this instance at the ethnic Hungarian residents of Hargita and Kovaszna counties, is beyond the jurisdiction of the investigative committee. The committee's task was clearly stated: to clarify the events of 13 June in Csikszereda.
2. Analyzing the situation in Hargita and Kovaszna counties after 22 December 1989, is the task of another parliamentary committee, which, however, did not conclude its investigation, and thus, could not prepare its conclusions and proposals to the parliament of Romania.
3. As for the initiatives themselves, which were made by this committee, we find them to be antidemocratic, inciting hatred, and provoking interethnic conflicts.

They injure the collective and individual rights of the Hungarian ethnic community, they are discriminatory in nature, and their focus on certain regions of the country and certain ethnic groups is clearly based on the Fascist and Communist theory of collective guilt.

Bucharest, 29 January 1991

Ethnic Hungarian Deputy Views Probe of Clashes
*91CH0374A Bucharest ROMANIAI MAGYAR SZO
 in Hungarian 6 Feb 91 pp 1, 3*

[Interview with Laszlo Zsigmond, Democratic Federation of Hungarians in Romania [RMDSZ] deputy, by Katalin Beres; place and date not given: "No One May Take the Law Into His Own Hands; The Secrets of a Parliamentary Investigative Committee; Conversation With Laszlo Zsigmond, RMDSZ Deputy and Member of the Committee Investigating the Events of 13-15 June 1990, About the Theoretical Issues of the Report Filed by the Opposition"]

[Text] [Beres] What determines the character of a committee like this?

[Zsigmond] As a participant of legislative authority, the only way that a parliamentary committee can interfere with judicial procedures is as defined by its fundamental traits; that is, through legislative proposals and certain moves to initiate a no-confidence vote. The first must alter the work of certain institutions in order to enable them to eliminate tensions. As for our recommendations attached to the legal technology of no-confidence initiatives, these apply to relieving individuals who, in our opinion, are unable to serve our cause in the desired manner. The judicial process operates in accordance with valid laws, it does not interpret, nor does it infer that political conflict could have been avoided; it simply charges the citizen on the basis of the law which he disobeyed, and brings a sentence. On the other hand, during the time we were deliberating, the judicial process also had its task; namely, to call those responsible to account, and to prevent the formation of society's distrust in justice, as a new source of tension. Those who committed various acts should not be given extra incentives. They should not be able to say: "No one will call me to account." For example, here is the case of the engineer Camarasescu, who used to be a member of the securitate, and who "directed" the miners during the tragic events. He was also a spokesman, and a chief organizer of violent actions against the ROMANIA LIBERA and other dissident publications. In other words, he must be held accountable by the judicial machinery because he committed a series of illegal activities. If this does not happen, then the laws must be changed, because they no longer fulfill their normative role in society.

[Beres] Let us return to the parliamentary committee. When was it formed, and how did its work start?

[Zsigmond] After the June incidents, all political parties agreed that a parliamentary committee should be formed to investigate the events of 13-15 June 1990. The committee was formed on 19 June, then nothing happened for an entire month, except for the acceptance of an internal set of operating rules by the committee. The first witnesses were heard in late July and early August. Four subcommittees were formed. One of them visited Csikszereda, and spent about ten days there. I participated in that investigation myself. Another subcommittee went to the Zil Valley. Representatives of opposition parties took part in the work of each subcommittee. This was important to prevent the creation of mistrust, based on one of the subcommittees' attempt to hide something, or add something to the facts and eye-witness reports.

[Beres] Was there an attempt to do such a thing?

[Zsigmond] No, there was not. But it is only natural that the operation of an investigative committee, and the direction of investigation are determined by the disposition of its members. Also, that "differences of opinion" will arise. To be a little more precise, no miner was individually questioned, because according to our colleagues in the government party, this would have led to newer tensions in the Zil Valley. In our view, questioning twenty or thirty miners, selected at random, would have caused no problems; especially in view of the fact that our goal was not to accuse the miners, but on the contrary, to track down the individuals who organized the acts of retaliation, and led the miners to the places where they committed their aggressive acts. In fact, by doing this, we would have been able to narrow down the range of those responsible. In my view, it would have been possible to clear up questions concerning culpability. Regrettably, this never happened.

[Beres] Still, what was the point at which opinions clearly parted, and the opposition managed to force a clear choice?

[Zsigmond] Our mandate was to find out the truth. I feel that truth is composed of two components: concrete facts and the way of thinking that is characteristic of society, that is, the individuals in responsible positions. The break took place when we tried to form a picture about the mechanism of decisionmaking—the attitude. This is illustrated by the fact that both reports describe the facts of the events the same way, but with differing emphasis. The only exception is the description of events in Csikszereda.

[Beres] What was the concrete reason for the break?

[Zsigmond] The break took place about a month and a half ago, when the five members of the editorial committee could not agree among each other. They could not formulate editorial principles which did not reflect the views of the writers in evaluating certain events about which we did not have complete information. In other words, the differences were in interpreting the events. Of course, the break did not take place without conflicts, even though, in my modest opinion, the view that a

unified conclusion should be drawn about events is a reflex left over from a previous era. There is simply no way to sidestep the general issue which we call reality. Since there are great differences in evaluating even small elements of today's Romanian reality, I cannot see how people with divergent disposition could find similar sentences for forming a report.

[Beres] In the end, how is the attitude and point of view of the opposition presented?

[Zsigmond] Lenin said that moral is what serves the dictatorship of the proletariat. This a kind of Leninized version of the statement, according to which the end justifies the means. In this instance, the end was to eliminate a conflict that was revealed in the demonstrations in University Square. Everyone would agree that solving social tensions is a praiseworthy goal. And the means? The question facing us now is, through what means? The means can be judged in various ways, because let us say, one point of view is this: Angered citizens tried to restore order, and if they did not commit various excesses, then the official view would be that their action was specifically beneficial. Our point of view is this: No one may take the law into his own hands and act like a force maintaining order; whether one does this peacefully or not. In other words, we propose the maintenance of legal order in the state, and respect for the law. This does not mean that the majority did not wish to do just that. What may have given rise to a difference of opinion is that people for decades exercised, or witnessed, authority in a state that was based on Leninist principles, cannot be expected to change from one day to another. Our opinion is radically different from that view, according to which we are talking about regrettable excesses, which were created by growing tensions until the latter reached the level of conflict. Rather, we expressed the conviction that state institutions are unable to fulfill the role that is supposed to resolve tensions.

[Beres] In view of this, the report issued by the opposition, in contrast with that of the majority, places the responsibility squarely, reaching the highest levels of government, including the condemnation of the president's inauspicious role.

[Zsigmond] The text of the report unequivocally finds Romania's president responsible, and in considering this, I would once again refer to differences of approach. Just a few years ago it was loudly proclaimed that the dictatorship of the proletariat is the power structure of the workers' vanguard, opposed to those who represent the interests of other classes. It was also part of the atmosphere that this vanguard is able to determine, without hesitation, who failed to serve their interests. The moment when a certain number of miners decided to do something in this spirit, deciding what was undesirable and took action against it, they were met by an extremist philosophy of authority. This was the moment for which the nation's president is responsible, and this is the origin of the other responsibilities contained in the

report—complete, of course, with their legal circumstances, defining, for example, what actions should have been taken in accordance with the requirements of a state based on laws, and the internationally respected legalities.

Vatra Decries Romanian Exodus From Transylvania

91CH0374D Bucharest ROMANIAI MAGYAR SZO
in Hungarian 2-3 Feb 91 p 1

[Article by Barna Bodo: "Expulsion: Something We Cannot Ignore"]

[Text] Romanians are leaving the land of the Szekely.

Normal people say they are relocating.

The Vatra screams of expulsion.

Note that no one disputes the facts (i.e., that some Romanians are leaving the region); not even those decent people who managed to remain free of animosity for the time being. The difference is in the words used to describe the events.

We are talking about a recognized phenomenon of such massive dimensions that the parliament sent out a committee to investigate it. By the way, if a Vatra leader talks about any issue with enough vehemence, the outcome is certain: It will be investigated by a parliamentary committee.

Now the Vatra screams of expulsion. What this means is an accusation concerning the Szekelys' premeditated, planned, and wickedly executed action against the Romanians who are exposed to various harassments in this part of Transylvania, and who are thus, it is added with considerable emphasis, becoming second-class citizens in their own country.

If that were the case, it would indeed be something to be angry over.

However, as is usually the case with the Vatra, once again its spokesmen used the bludgeon of accusation, to strike down anyone they do not like for any reason; bringing arguments, mentioning causes, let alone showing factual proof. They consider these as minor details not worth worrying over.

One thing they like very much is the game of investigation.

Let us not bring up the case of our forefather, Adam, who was expelled from Paradise. We do not wish to make references or to create parallels in explaining when the word "expulsion" is customarily and justifiably used.

Instead, let us look at a series of data. I visited a randomly selected enterprise, the Auto-Electrical and Electric Motor Factory in Sepsiszentgyorgy, and asked for data on those who left the factory in 1990. (I invite anyone to bring data from other workplaces.) According

to the data, last year 703 persons quit the factory: 108 Romanians and 587 Hungarians. Of these, 69 were holders of diploma (23 Romanians, 46 Hungarians), and 634 were blue-collar workers (78 Romanians and 556 Hungarians); 168 departed in the interest of service: 46 Romanians, 122 Hungarians; 167 at their own request: 20 Romanians, 147 Hungarians; 139 as the result of disciplinary action: 10 Romanians, 129 Hungarians; while 88 retired (12 Romanians, 76 Hungarians), and the rest enlisted in the army, died, or their temporary contracts expired.

I made a few calculations and discovered that 15 percent of those that left were ethnic Romanians; 12 percent of those were persons who departed at their own request; and 7.1 percent of those left as a result of disciplinary action. Among those who left because of service obligations ("transfer in interes de servicii"), the proportion of Romanians is 27.4 percent, but it can hardly be said that they were expelled.

In closing, the figure that is really the driving force of the comparison is the ratio of the labor force: 14 percent of the labor force at the factory is ethnic Romanian, while 86 percent are Hungarian.

Where are the examples of discrimination and outrageous depravity referred to by the Vatra and those who scream in unison in agreement?

Rather they do not refer to examples. They never mention data of any kind; they simply want to create an atmosphere. (Disbelievers are encouraged to bring in their own, validated, data. Those cited above are from Janos Kocs, trade union official. He said that he may be cited on those.) They emphasize certain individual cases, adjusting, and manipulating them. The people at the electrical factory do not generalize from the case of Cristina Tatomir, who left and forgot to turn in a radio, property of the former KISZ [Hungarian Communist Youth League] organization. She also completely destroyed the apartment furnished by the enterprise, and she cannot say that she was unaware of the consequences; after all, she worked for the firm as a legal adviser.

The people at the electrical factory would like it very much if someone interviewed those who left the plant, and if they had complaints, would gladly face them.

That is just it—facing each other! That would be important for the parliamentary subcommittee working in Brasso. After all, if they started on this project, which has many factors related to the population's natural movement and the nostalgic effect of the deteriorating economic situation, then, instead of listening to just one side, they should listen to both, together and separately.

Until that happens, every rumor of expulsion and escape is just politically induced manipulation, attempting to distract people's attention. Regardless of how frequent such a practice is in this region, it should not be an accepted part of our life.

Government Spokesman Said To Reflect Vatra Views

91CH0374C Bucharest ROMANIAI MAGYAR SZO in Hungarian 7 Feb 91 p 1

[Article by Peter Kallos: "Vatra's Words From Mouth of Government Spokesman: Something We Cannot Ignore"]

[Text] We should be used to this by now, but it still seems to give us trouble that when it comes to its relationship to the opposition, the present government is characterized by a strange, and almost schizophrenic attitude. On the one hand, it constantly echoes that the opposition is necessary, the struggle of conflicting views is a force that strengthens us, compromise is the foundation of democracy, "let us be nice to each other"; while at the same time, it automatically and immediately rejects any and all demands and observations originating from the opposition. When it has any arguments in this regard, and when it feels moved to share them with us, they are like this: "We know better than you; your information is incorrect; you do not understand this; you maliciously misconstrue everything," or, what is even worse: "You simply are being ridiculous." In this light, we found a veritable masterpiece in the few sentences uttered by government spokesman Baltazar Bogdan about the television affair.

By way of introduction he said that the reorganization of the television program is managed solely by the leadership of the Romanian Television, without the government's knowledge and interference. However, he said that the government has a few observations concerning the affair. First of all, the opposition should not turn to the government with their complaints. In any event, it would be "embarrassing and ridiculous" for the government to again become involved with the matter. He continued: "On the same topic, the protest issued by the RMDSZ [Democratic Federation of Hungarians in Romania] deputies has a peculiarity and absence of inner coherence, in that it proclaims that the major goal of Hungarian-language broadcast is to promote communication with the ethnic Romanian population, yet in the same statement, they protest the lengthening of broadcast time on "Program Two," which is aimed primarily at Romanians." This single sentence contains everything a democratic government that recognizes the opposition and its ethnic minorities should not be doing: misinformationing, malicious twisting of facts, lies, and insults. I am not even mentioning twisted logic. Obviously, fewer ethnic Romanians can view "Program Two" than "Program One"; however, the RMDSZ' major complaint is that 80 percent of ethnic Hungarians can no longer see about half of the Hungarian-language broadcast. We cite no more of the statement, which closes with the obligatory text, well known from the Ceausescu era: "Minorities elsewhere, and especially in Hungary, would be happy to live as well as in Romania!" Still, the major crime of the statement is that it adopted word for word the line used by the Romanians' National Unity Party,

the political arm of the Vatra Romaneasca, in its response to criticism coming from the RMDSZ. In other words, when it comes to an issue that is considered sensitive by Hungarians, the government, if Mr. Baltazar represents it, has assumed the stance of a decidedly anti-Hungarian organization.

For now, that is all we say about this.

Reduction in Minority TV Programs Protested

91CH0374F Bucharest ROMANIAI MAGYAR SZO
in Hungarian 6 Feb 91 p 1

[Unattributed article: "Deliberately Restricting the Mass Media Is a Political Mistake: The Statement by the RMDSZ [Democratic Federation of Hungarians in Romania]"]

[Text] On 3 February 1991, during the evening news of the Romanian television, we were informed by Mr. Razvan Teodorescu that the board of directors decided to reduce the program time. Although the radio-television president announced that this will not affect the programs broadcast in the languages of national minorities, but the briefings given by the same person clearly revealed that it is exactly the on-air time and accessibility of these programs that the above measure significantly reduces.

Since Hungarian and German-language programs are equipped with Romanian subtitles, they are accessible to every citizen, and public opinion surveys indicate that these programs, which expose the Romanian viewers to the culture, traditions, and aspirations of the two minorities residing in Romania, enjoy considerable popularity. It is for this reason that we consider it a political mistake to deliberately restrict this channel of information.

We protest most decisively such a reduction and reorganization of programs broadcast in the languages of ethnic minorities. This procedure reminds us of the old methods which we wish to forget once and for all, but which keep cropping up as we witness attempts to gradually eliminate rights that were achieved after the December 1989 revolution.

The decision, eliminating "Viewpoints," a series for the opposition's independent programs, is entirely incomprehensible and unacceptable. We consider this step as an attempt to do away with the opposition's right to take a stand, and to bring its thoughts and plans to the public at large.

These antidemocratic measures are even more grievous in light of the fact that just about the time they were announced, Romania assured the Council of Europe that its democratic system guarantees the role of the opposition, and guarantees that the rights of ethnic minorities are respected and will be even enlarged in the future.

We beseech the board of directors, and the government bodies approving these measures, to withdraw the measures, and in the future, act in an objective, correct, and democratic spirit.

Bucharest, 4 February 1991

Proclamation

Speaking on behalf of its members, the Presidium of the Transylvanian Hungarian Association for Technical Sciences protests the reduction and reorganization measures instituted in the Romanian Television's airtime for programs in the languages of ethnic minorities.

Broadcasting scientific, technical, and cultural programs, as well as daily news of political, economic, and cultural events, in the vernacular languages of the nation contributes to developing our people's culture.

It requires no special argument to see this as an attempt to restrict the flow of information, which also serves universal culture.

Regardless of how much it would cost to maintain the previous airtime, there is no justification for the cut, or reorganization, of ethnic programs.

The reorganization into two channels is not only technologically indefensible, in view of the fact that Channel Two cannot be received in areas inhabited by national minorities, but it is also unjustified for monetary reasons.

Protest Issued by the Association of Hungarian Journalists in Romania

The decision made by the board of directors of the Romanian Television, according to which the airtime of Hungarian and German-language broadcasts will be reduced and reorganized, is considered by the Association of Hungarian Journalists in Romania as an act infringing upon the rights of national minorities. Our association strongly protests this move, since the programs broadcast on Channel Two will not be seen by the very people to whom they are addressed. In view of this, we find the reasoning by the Television's director to be unacceptable based on "certain information," and not on genuine facts that programs broadcast on Channel Two can be by and large received in the regions inhabited by ethnic minorities.

At the same time, we cannot agree with the decision that put an end to programs that serve the confrontation of differing political views.

We call upon the board of directors of the Romanian Television to review, as soon as possible and in the spirit of respect for its Hungarian viewing public, this decision that goes against the public interest.

4 February 1991

Retort to ADEVARUL Attack on Hungarians
91CH0374B Bucharest ROMANIAI MAGYAR SZO
in Hungarian 14 Feb 91 p 1

[Article by Istvan Barabas: "This Is the Way We Are; Something We Cannot Let Go Unnoticed"]

[Text] Petre Salcudeanu's editorial in the 8 February 1991 issue of ADEVARUL is an event in the history of postrevolutionary Romanian chauvinism that cannot go unnoticed, because it undertakes no less a task than proclaiming a new Romanian racial theory. The theory's gist is that Hungarians are people of the plains, they are characterized by sanguinity and cruelty. The Romanians of Transylvania, on the other hand, are a gentle, soft-spoken people, bearing an age-old air of tragedy....

The new prophet who appeared on the scene unexpectedly is obviously haunted by the history lessons of his childhood. The Dacians were tall, hardworking, brave in battle, open, and honest, and these traits have been inherited by today's Romanian people, for which the further obligatory adjectives provided by the Ceausescu golden age were "diligent" and "talented."

The very first sentence written by this messenger of twisted superiority complex belongs in an anthology, that is to say, a compilation of human stupidity. "The spiritual mood of Transylvanian Romanians is defined by the biologically inherited genes of tragedy." The distinguished author seems to sense that this is too strong, however, so he immediately adds: "This would be difficult to prove scientifically, so I will not even try." Pity; because we may have learned from his argument how much tragic pain permeated the Romanian officers of Securitate in Transylvania as they tirelessly interrogated their victims, those who defied the Ceausescu dictatorship, or as they performed those early dawn raids on houses. How much sense of tragedy wafts today from the openly inciting and chauvinistic articles of those other Transylvanians, Ion Lancranjan, or Carolina Illica? As for the tragic sensibilities of Petre Salcudeanu, it would be nice to know which of his predecessors' genes he inherited. Did he get those of Horea, or those of the Romanian peasants who turned their hiding leader in to the authorities for good money? Did he inherit the tragic sense of Iorga, or of Iorga's assassins, who were also Romanians?

According to another fundamental tenet of this evangelist of Romanian racial theory, Hungarians are inherently vicious, and he proves this by recounting how the Budapest rebels in 1956 did away with members of the secret police, and how their kinfolk in Kovaszna and Hargita counties matched these actions in December 1989.

We suspect that Petre Salcudeanu is only familiar with those chapters of Romanian history that Sergiu Nicolaescu made into superfilms on the order of Ceausescu, so he has no way of knowing how tenderly the Iron Guard settled accounts with its political opponents, how

humanely Romanian storm troops massacred the male Hungarian population of Szarazajta, Csikszentdomokos, etc., in the autumn of 1944 (contemporary issues of the journal SCINTEIA provide names and facts, which we commend to Salcudeanu's attention). But let us not go that far into the past. On 21 December 1989, the Romanian populace of the Transylvanian town Kudzsir drenched Captain Valentin Pop and Sergeant Ilie Staicu with gasoline and set them afire. How much more humane was the way Romanians settled accounts with associates of the Romanian security police than they way people of Budapest treated AVO [State Security Department] members? Let us just say that Petre Salcudeanu owes us an explanation, and that in the meantime, we cannot consider his racial theory to be sufficiently well founded.

The third enlightening thesis of this racial theory, which is sure to earn the author a place in the Pantheon of Romania Mare, are his claims of other traits of Transylvanian Romanians: their laconic and tranquil disposition.

Reports from Marosvasarhely gave us a small taste of these inherited characteristics. In March, when Vatra leaders, imbued with a sense of the tragic, asked the demonstrators if they would like to see Hungarian blood, the crowd, characterized by Salcudeanu just now as reluctant to speak, enthusiastically screamed for minutes "Da! Da! Da!" And how quiet was the Vatra in Gyulafehervar on the first of December? How silent is the Transylvanian Carolina Illica when she yammers non-stop on television against the Hungarians?

How taciturn is Petre Salcudeanu when he raises his pen to proclaim his racial theory, to greet the first anniversary of the Vatra's founding? And how wise he would have been, had he remained silent, obeying the compulsion of his inherited Transylvanian genes! True, just on the basis of this article, he is certain to become the recipient of the 1991 Romania Mare medal, and within a year we will see him drinking champagne with Cornelius Vadim Tudor, Eugen Barbu, Florica Mitroi, and Radu Ceoneta. There will not be a Romanian writer who will envy him that "glory"!

YUGOSLAVIA

Ustasha Supporter on Interethnic Relations
91BA0375A Belgrade STUDENT in Serbo-Croatian
31 Jan 91 pp 18-21

[Interview with Mladen Svarc, former ideologue of the Croatian Constitutional Movement, by Dusan Cicvara; place and date not given: "Ustasha From Head to Toe"]

[Text] The general Yugoslav public heard about the most extreme political party in Croatia—the Croatian Constitutional Movement [HDP]—only on 21 December of last year, when a gathering was organized on Ban Josip Jelacic Square whose principal purpose was resentful

about the Croatian Constitution, which was said to have been imposed and not to the liking of the Croatian people. In that meeting, Mladen Svarc, until recently the ideologue of the Croatian Constitutional Movement, said that Yugoslavia was the graveyard of the Croatian people and as such "must die so that the Croatian people might live."

Mladen Svarc, who is a student at Belgrade University and was at one time a staff member of our newspaper, is one of the most controversial figures who has emerged on this pluralistic stage of ours. He was born in 1947 in Zagreb under the sign of the ram. He is a Jew and the son of a colonel in the YPA [Yugoslav People's Army]. He says that several members of his family disappeared in Ustasha camps, but he rejects that fact as something which by tearful sentimentality narrows his intellectual breadth as a human being, which he conceives as without any limits whatsoever, especially those national borders of those who are philosophers by education. He has a propensity for big words and uncontrolled provocations. He likes to represent himself as a Fascist with a human face, because he is sick of the revolting communists with a human face.

There Is No Serbian Nation in Croatia

[Cicvara] Are you not amazed that a surprisingly small number of participants joined the protest that was held against the ceremonies proclaiming the Croatian Constitution which you organized with the Croatian Party of the Right, led by Dobrosav Paraga, especially in view of the fact that the HDP is the party with the largest territorial appetites? It conceives Croatia not only with Bosnia and Hercegovina, but also with Srem, Banat, Sandzak, and the Bay of Kotor.

[Svarc] It is true that the number of people joining the protest was small. One of the reasons why I left the HDP after belonging to it for several years was that the protest was poorly organized. Nikola Lekic and Nikola Stedul, the party's president, are people who have suffered exceedingly, and that is why they are accustomed to underground conspiratorial operations. They do not have that openness to the world, especially to newsmen like you who come from odious Serbia. Nothing is achieved by going about things that way. However, I must tell you that Tudjman's government looks on the HDP with great fear; that is evident from his statements and then from the behavior of Milovan Sibl, information minister, and a few days before the protest even the police had some informative talks with us. Second, our meeting was banned. The fear of the Croatian Democratic Community [HDZ] is evident in the fact that they directly took over several planks from our program, such as general ethnic conciliation. I wrote about that 15 years ago. We had several points of contact with them until they came to power. I was personally in contact with Dr. Franjo Tudjman. But now that he is in power, he is conducting an opportunistic policy. I am aware that the HDP is totally uncompromising and that a strengthening of our organization is feared. If it became stronger, there

would be competition from the extreme right, which must not be underestimated by any means.

[Cicvara] What does the HDP have against the new Croatian Constitution?

[Svarc] The Constitution was adopted without the prior consent of the Croatian people. Under that Constitution, the Croatian state does not have its own army, police, currency, diplomatic missions, and for that reason it cannot gain international recognition. Croatia remains within Yugoslavia, which means Great Serbia. I hope, and Stedul would tell you the same thing, that the Croatian Assembly will be aware of its historical responsibility and will not go off to Belgrade for the third time like a goose in the fog and surrender Croatian state sovereignty and national independence to that city, which is the symbol of Serbian expansionist imperialism and hegemonism. The HDZ has still not gambled away the opportunity which the Croatian people gave to it. I hope that the Tudjman government will make a sensible decision so that it will not be classed among those Croatian traitors who under Belgrade's dictate have adopted laws against the interests of the Croatian people and have thus gone down into Croatian history as lackeys, puppets, poltroons, and traitors. As far as I am concerned, Croatia is not sovereign even after that Constitution, and I have the impression that Tudjman and his collaborators feel that their goal has been achieved. They came to the position of president and ministerial posts directly from prison and dissident circles. Those posts have lulled them to sleep, so that they have lost the urge to fight. The Constitution cannot be adopted until the Independent State of Croatia is reestablished. The Constitution creates the illusion that Croatia exists, which is not the truth.

[Cicvara] The Croatian state is also the state of the Serbian people, which has also been living on this soil for centuries!

[Svarc] Croatia is not the state of the Serbian people because the Serbian people does not live in Croatia. The Serbian people lives in Serbia, and there, if they like, they can create their own national state. There is the Serbian ethnic minority living in Croatia, just as there is the Italian, Jewish, and Gypsy minorities.... The Serbian ethnic minority is the largest and because of a number of historical circumstances it has been causing the most problems. I reject any idea or attempt to officially establish any Serbian people in Croatia. There cannot be two Serbian peoples. If we follow the principle of some Serbs who say that Serbia is wherever the Serbian foot or sandal has trod, then Chicago is also a Serbian city. The fact is that Chicago is the largest Serbian city after Belgrade. Why is a Serbian state not being established there? By that logic, Serbistan can be created throughout the entire world.

How an "Angel" Becomes a Devil

[Cicvara] Pavelic's Independent State of Croatia [NDH] is a synonym for the greatest atrocities committed against the civilian population in World War II!

[Svarc] Why would the NDH be a synonym for the greatest atrocities? The Germans committed greater crimes. They killed about 6 million Jews in their gas chambers. I personally feel that that number is exaggerated, just as the number of victims in Jasenovac has been exaggerated. But you cannot on that basis take away the German people's right to a sovereign state, nor can this be an excuse for it to be kept eternally enslaved. All peoples have committed greater or lesser crimes.

[Cicvara] Genocide was committed in the NDH!

[Svarc] What kind of genocide are you talking about? Man is an imperfect creature. There is a maxim in Christianity to the effect that people are not angels, and Blaise Pascal added to that "that man is not an angel, but if he tries to be an angel, he becomes a devil." So, man is something in between. And under the conditions of wartime he is capable of the greatest crimes.

[Cicvara] I am talking about the genocide that was carried out against the Jews, Serbs, and Gypsies in Ustasha camps, especially at Jasenovac, a crime which was the centerpiece of the domestic policy of the NDH. Viktor Novak wrote about this with particular vividness in *Magnum Crimen*.

[Svarc] Viktor Novak is not a Croat, but a Yugoslav Mason!

[Cicvara] The writer Curzio Malaparte is not a Yugoslav, and in his book *Kaput* he described a visit he made as a war correspondent of the newspaper CORRIERE DELLA SERA to Poglavnik [head of state] Ante Pavelic. Malaparte says that during the interview Pavelic showed him a gift he had received from his loyal Ustashi: 20 kg of human eyes!

[Svarc] I am not saying that there were no horrible atrocities, but Malaparte exaggerated! Increasing the number of victims does no service to the truth and morality, but serves cheap anti-Croat manipulation. Bruno Busic and Dr. Franjo Tudjman have written about this at one time. The Ustashi were not the only butchers, so were the Chetniks and Partizans. If a just policy is conducted, there will be no repetition of that butchery!

[Cicvara] Ante Ciliga alleges in the magazine NA PRAGU SUTRASNICE that you wrote about Ante Pavelic as of the "Moses of Croatian history and practical political life." In his article, he also touches upon your belonging to the Jewish nation and he wondered: "If the Jew Josip Frank could be the political father and teacher of Ante Pavelic, why could it not be that Svarc is

at least the grandson of Pavelic and his Ustasha movement?" How much harm is being done to Croatia itself by the promotion and creation of the worship of Pavelic and Ustashism?

[Svarc] I think it is harmful. But I never supported the Pavelic cult. I see Ante Pavelic as an intriguer, an interesting and contradictory figure in the Croatian past. I would like to see a documented and unbiased biography of Pavelic written in this period of some sort of freedom. The communists regarded him as a criminal, and his supporters as a Moses. Do not take what Ciliga writes at face value. Ciliga has been an emigre in personal isolation for a long time. He has been blind for almost 20 years now, and other people read articles to him. Many people avoid him. I personally saw for myself in Rome that he gets on many people's nerves. Ante Ciliga has a propensity for making broad observations. He obtains some kind of incomplete information, and then he thinks that he has figured out what is behind all events. He wrote of me as a spy sent into the Ustasha emigre community. We know each other quite well, so that I do not pay much attention to him. I did not sponsor the Pavelic cult, but I did not demonize him either. Nor did I do that with Tito. I tried to see them as people who were active in politics on the eve and during World War II.

The Pavelic Cult

[Cicvara] How did you see Pavelic?

[Svarc] I saw him as a man who began his career as a liberal politician. He was a deputy from the city of Zagreb in the Belgrade Parliament. I was told this by Bruno Busic, and when the shots were fired in the Parliament on Stjepan Radic and Basaric, everyone took shelter under the benches. Dr. Ante Pavelic, lawyer and deputy from the city of Zagreb, was the only one who did not take shelter!

[Cicvara] Was that insanity or bravery?

[Svarc] The main thing is that Pavelic was a tough man. And quite certainly brave. It is clear from photographs that he cut a striking figure. He was a great Croatian patriot, which was in fact not difficult for him. You will acknowledge that all Croats are that, but most of them only in what they say. He was very energetic and decisive. Not only did he never appear in Belgrade again, it was as a reaction to the king's dictatorship and the murder of Stjepan Radic, leader of the Croatian Peasant Party, that he created the Ustasha movement. Then they went abroad. The Hercegovinians are very brutal people, it is in their genes, and this is incidentally true of the Hercegovinian Serbs as well, and that brutality, which is actually their genetic legacy, created those Ustasha atrocities. Radic's supporters in Zagorje and Slavonia are quite different. Their fault is that they take shelter under the benches.

[Cicvara] Is that a fault?

[Svarc] Of course it is a fault. If someone shoots at you, answer the fire, do not take shelter under a bench.

[Cicvara] Does that mean that you would be in the front fighting ranks in a possible civil war, defending the Croatian homeland?

[Svarc] I am no man for that. I am too spoiled to go to war. The Croatian Army would get no benefit from me if they thrust me into the front fighting ranks. I have no experience with war whatsoever. In high school and at the university, I had very poor grades in Nationwide Defense. In rifle practice, I could never hit the target. That is why I tried unsuccessfully through my aunt to obtain from General Isidor Pap an exemption from required military service. Later, I realized that actually I did not want to serve as a soldier in the Serbian expansionist communist prison of my people. However, while I was abroad, my school grades in the subject I hated the most were excellent. But then I had created before me the picture of a particular enemy.

[Cicvara] Is that animosity toward the army actually subconscious hatred for your father and the job which he performed?

[Svarc] I would rather make my answer to that question to Dr. Jovan Raskovic. Of course, there is the father complex, but I have always had a liking for uniforms and dictatorships, regardless of whether they were named Wojciech Jaruzelski, Joseph Vissarionovich Stalin, Josip Broz, Franko, or even August Pinochet. I am a Nietzschean. I despise democracy just as much as I abhor communism. For me, the army represents the refuge of the hierarchy, of authority, of inequality in plebeian times.... As a child, I was inspired the most by the May Day parades and Youth Day celebrations. That is the only thing I remember. I love the army because there are situations that cannot be resolved otherwise than by war. And without an army, there is no war!

[Cicvara] That means that you have sympathies for Saddam Husayn?!

[Svarc] I did not say that every soldier was good and every war just. I only spoke about an infant's perception. The war in the Persian Gulf will not last long. I do not sympathize with the Arabs, nor therefore with Saddam Husayn!

In Favor of the Independent State of Croatia

[Cicvara] Have you seen Liliana Cavani's film "The Night Porter"?

[Svarc] Why do you ask me that?

[Cicvara] There is something in psychiatry referred to as masochism. You will admit that it is unusual for a child born since the war in a Partizan Jewish family to take up the ideology for which his closest relatives suffered!

[Svarc] I am in favor of the Independent State of Croatia, but not in favor of Jasenovac. That distinction should be

made. I can renounce all those atrocities, but one should also take into account the fact that they were committed in a civil war imposed on Croatia. The Ustasha movement arose as a national liberation movement of an oppressed people. The descendants of the leaders of the Independent State of Croatia objectively have nothing to do with Jasenovac. The children cannot atone for the sins of their fathers!

[Cicvara] You became a Croat nationalist while you were a student in Belgrade. Before that, you were a cosmopolite.

[Svarc] As a cosmopolite, all nationalism was alien to me. I thought that only primitive people beat their breasts as national heroes. For me, nationalism was an unnecessary barrier between the individual and humanity. I became a Croat nationalist mainly to shock those around me. In conversation, I would often quote HRVATSKI TJEDNIK. For example, the people from PRAXIS had a Yugoslav orientation. Vladimir Bakaric was constantly banning them, but Mika Tripalo and Savka Dapcevic-Kucar, who were national-communists, did not do so. Which means that if it had not been for Tito's putsch in Karadjordjevo, I would have more civil liberties. The hated dictatorship would not have returned. When I went on an excursion with my uncle to the Slavonian village of Rosinje, and when I saw the Croatian flags and heard "Our Beautiful Homeland," something resounded inside me. I recalled the words of Herodotus "that nations are ideas in God's mind." I experienced the enlightenment which Milovan Djilas also experienced at one time. During those years, I was visiting him. At that time, he was supporting what Savka and Mika were doing, wondering why Yugoslavia did not just fall apart. When I told him that this would result in states that would not survive, Djilas pulled down from the shelf the *Encyclopedia Britannica* and told me: "Here you are, see how many states smaller than Slovenia and Croatia are surviving"! That merely strengthened my resolve to make a break with individualism and my conviction that the Croat people was oppressed. In view of the fact that I was born in Croatia, it was my moral duty to be on that side. I decided once and for all in favor of mysticism rather than arithmetic, in favor of the organic over the mechanical, in favor of metaphysics over physics, romanticism over realism, and conservatism over enlightenment.... I decided in favor of the nation over the Demos, in favor of anthems and flags over parties and elections. Only that kind of Croatia can survive. From the body of philosophical knowledge, I readily took Toynbee's discovery that the national formula has been and remains incomparably stronger than any political or ideological formula. I did not conceal my reflections, and I knew that I would have to endure torture in Yugoslav prisons, so that I somehow managed to get over the border.

[Cicvara] Were you in prison in Germany?

[Svarc] Yes. But not because of my political views, but because of carrying a firearm illegally.

Miro Varesic Is a Croatian Patriot

[Cicvara] You made your greatest effort to get Miro Varesic, who assassinated the Yugoslav ambassador in Sweden, Vladimir Rolovic, released from prison.

[Svarc] I saw Varesic only once. On that occasion, I talked with him for two hours in the Norcheping prison. I came to like him. Varesic is a Croatian patriot, he is not a pacifist, but now he has given up that violent style of fighting. I would have no liking for him if today he were going around the world and killing Yugoslav ambassadors nonstop. He only did that once. His original intention was to kidnap Rolovic, to exchange him for Hrkac and Benavic, who had been falsely accused of planting a bomb in the "20 Oktobar" movie theater in Belgrade. It was planted by UDBA [State Security Administration]. Second, Rolovic was a postwar criminal, a Partisan officer who in 1945 ordered the slaughter of Ustasha young people in the Maksimir Forest. Just like me, Varesic was an officer's child, but a child who had his eyes opened early. For him, Rolovic was a specific enemy. On that occasion, Varesic and Andjelko Brajkovic did a lot that was naive and harmful to Croatia. But Rolovic himself is also somewhat to blame. As striking and strong as he was, in top physical condition, he thought he was a guerrilla again in the embassy building, he thought he was in the woods, and that he could easily deal with those Ustashis. He pulled his pistol from the drawer, but on that occasion Varesic and Brajkovic were more nimble and agile, and they just killed him. Rolovic was a friend of my aunt, who was Koca Popovic's secretary. And today when she asks me how I can be so much in favor of that man Varesic, I answer her by asking: But how could you have had anything to do with Rolovic? Rolovic was a greater criminal than Varesic! By my moral criteria, Varesic was not a criminal at all.

[Cicvara] There is a statement in Fyodor Dostoyevsky's *Brothers Karamazov* to the effect that any revolution becomes questionable if a single innocent child cries.

[Svarc] Jesus, you just will not stop questioning the existence of the Croatian state. You have said that you are bothered by Jasenovac, and yet now a criminal like Vladimir Rolovic is enough for you to take that position.

[Cicvara] Assassinations like that are harmful to the Croatian side itself. As far as I know, Rolovic was not the only one killed, but also his secretary!

[Svarc] I am sorry. Varesic is also sorry. If you met him, he would tell you that he would never do it again. He has served his time for that murder, and it has been cruel. He was brought into the HDP in order to rid him of what the communists call individual terror!

[Cicvara] When can Miro Varesic's return be expected?

[Svarc] He would like it to be as soon as possible. His father died a few years ago, and his mother is seriously ill

and he would like to see her. Croatia's present leaders have told him to be patient awhile, mostly for the sake of his own security!

[Cicvara] To what extent is Ustashism objectively present today in the Croatian people?

[Svarc] If Ustashism is the struggle for the Croatian state, then all Croats are Ustashis. If it is viewed with all its faults, mistakes, and crimes, then no one today is an Ustasha.

[Cicvara] What was the official income of an ideologue of the HDP? How much does the HDP get from the emigre community?

[Svarc] Very little. In Germany I lived off my writing, but I wrote for free for the Croatian newspapers. Everything that I received from the HDP I received when I went to the United States of America. My trip was paid for in advance, and I also received some money. Per diems just like you. I did not have a fixed salary.

Croatia at Any Price

[Cicvara] Did you have contacts with the European Right? For example, Le Pen?

[Svarc] I still have not contacted Le Pen. I have contacted the Flemish and Italian Right. At one time, I interviewed Adurante [as published], former leader of the Italian right. He has now been replaced by a young man, Cleon [as published], but he, unlike his predecessor, is an irredentist. He is claiming Croatian territory, and there is nothing to talk about with such people. Adurante mentioned to me in the interview that he had no territorial claims whatsoever for Istria and Dalmatia.

[Cicvara] In an interview which you gave 13 years ago to DANICA of Chicago, you said: "In Croatia, only the communists would be able to restore order. If it favored the breakup of Yugoslavia, the Soviet Union could reward Croatia for joining the Bolshevik bloc by fulfilling its national claims, which is no particularly great sacrifice because Soviet communism in an independent Croatia would be no more brutal than the existing one; this would substitute Russian domination for Serbian domination and at the same time would remove from Croatia the paw of Croatia's greatest biological and national enemy—the Serb." That statement led you into contradiction with the ideas of Dr. Ante Starcevic, "father of the Croatian nation"; he asserted in his writings "that the Serbs were Croats at one time in the past who left their old religion under pressure and converted to Orthodoxy."

[Svarc] I made that statement at a particular moment. The HDP was facing a very hostile attitude on the part of Western circles, who had decided to keep Yugoslavia alive at any cost. None of us is a communist, much less pro-Soviet oriented. I said if they were going to continue to take revenge on us for establishment of the Independent State of Croatia, that we would be forced to turn to

Moscow. Branko Jelic was the first to hit upon that idea. Our opponents within the country and abroad were delighted to hear this, and from what I see it was pleasing to you personally, otherwise you would not pull my interviews out of mothballs....

[Cicvara] It is not up to me to like or not like. This quotation is evidence of your own and Jelic's contradictoriness!

[Svarc] It is not evidence of contradictoriness, but of absolute consistency. The Croatian state at any price!

[Box, p 21]

[Cicvara] Many people say that Zeljko "Arkan" Raznjatovic, who at the moment is in pretrial custody in

Croatia, killed Bruno Busic, the spiritual father of the Croatian Constitutional Movement.

[Svarc] I know on good authority that Busic was not killed by Zeljko "Arkan" Raznjatovic. There is suspicion that he was killed by a man who carried out such tasks on the Croat side. His name is Jozo Milos. Everything should not be blamed on Arkan. By arresting him in Knin, the federal UDBA merely wanted to draw attention from the real murderer. I myself have also been on its list for elimination. Even though at the moment I walk freely about Zagreb, I am afraid of something happening to me. For example, I still do not dare to go to Hercegovina.

HUNGARY

New Arms Policy Based on Cooperation, Deterrence

*91CH0362A Budapest KAPU in Hungarian
Jan 91 pp 42-43*

[Article by Lieutenant General Laszlo Borsits: "This Is Not Yet Death Agony"]

[Text] In an article entitled "Pent-Agony: The 'Pentagonalization' of Circular Defense," which was published in KAPU, Istvan Kriston presents a review of the main ideas that have been advanced in the ongoing debate on national defense.

In his introduction, the author adds some caustic comments about the work that the Ministry of National Defense and the general staff have been doing in this area. It is often easy for an outside observer to make such comments.

On the one hand, Kriston finds that there has not been much progress in the elaboration and enactment of a new military doctrine for Hungary. He blames this lack of progress on those who are working on the new military doctrine "in the line of their professional duties." On the other hand, Kriston wants to make it clearly understood that "the administration in office has nothing to add or subtract from the debate of the (evidently outside) experts." It is not entirely clear to us what is behind this statement. We hope that it does not mean that the military doctrine has to be drafted in the so-called social sphere, outside of the political and military leadership, and then the National Assembly merely has to enact the doctrine.

Although the author appears to suggest that there are experts only outside of the administration (as if those who studied military doctrine, practiced it, and perhaps are pursuing it even now, knew nothing about the subject), elaboration of the doctrine, in other words, of the basic principles of defense policy, is nevertheless making headway.

However, at this point, it will be advisable to take several factors into consideration.

The factor that I would mention first is that our need for a new military doctrine in its earlier sense is not all that certain. It seems more expedient, for several reasons that cannot be outlined in detail here because of space limitations, to lay down the basic principles of the country's security or defense policy, and then to have them enacted.

Another factor that we cannot disregard is that in the elaboration of the aforementioned basic principles. We must proceed along an untrodden path, because the earlier "doctrines" cannot serve as suitable guides.

At the same time, and this is perhaps the most important factor, we have to elaborate a concept that essentially can

also remain valid in the long run. Such a concept requires thorough and circumspect analyses, which could not be undertaken and completed in a few days or a few weeks, not even under conditions less complex than our present ones.

Thus, as I have mentioned, elaboration of the "basic principles" has been in progress since early summer of this year [as published]. The public and the outside experts have not been excluded from this work even up to now.

The military leadership has already debated, in several rounds, the preliminary studies and drafts with the parliamentary parties' representatives and military experts. Moreover, the elaborators are following with interest the debate that is taking place in the press, including the journal KAPU, and have already borrowed several ideas from the debate.

Before the drafts that the Ministry of National Defense and the military leadership will be approving in the near future are presented to the National Assembly, we plan to ask the parties and the outside experts once again for their comments.

But even the well-meaning and ready-to-help military minds must realize that the basic principles of defense policy, the military doctrine, cannot be simply the sum total of proposals received from outsiders whose views often radically differ. Therefore some persons will inevitably be left with the impression that their proposals have been disregarded or have not been adequately taken into consideration.

Some Reflections on the Principal Directions of the Work to Date

It is the wish of the overwhelming majority of Hungary's population, and of the parliamentary parties as well, that the country join no military alliance after its withdrawal from the Warsaw Pact, that it remain neutral as far as possible, and stay clear of other countries' possible military conflicts.

It likewise seems unambiguously clear from the country's size, from its geostrategic location, and last but not least, from the spirit and specific provisions of the constitution, that only policy can be the main instrument for the establishment and preservation of security.

Accordingly, our security policy or defense policy must be based on the threefold principles of cooperation, deterrence, and defense, and the avoidance of war can be identified as its most important objective.

This means that our country must strive to establish and maintain normal, orderly, and preferably good relations with its neighbors and other countries, and to fix these relations in agreements whenever possible.

Our country must assist in the development of a European security system that offers, over and above cooperation, a suitable safeguard against possible aggression.

Once such a European security system has been developed, our country must join it.

In addition to all of this, we must organize and maintain armed forces that are capable of deterring a possible aggressor and of defending the country.

Although there is presently no direct threat, there are potential sources of danger, and in the long run, the development of various conflict situations cannot be ruled out. In view of the fact that in the given case an army cannot be created in a matter of a few weeks or months, the country must have modern armed forces that are adequate for its defense.

In our opinion, these armed forces could even be somewhat smaller than our present ones. But their organization and especially their equipment must be modernized considerably, and the level of their training must be raised.

We believe that our army cannot be an entirely professional army. To defend the country in time of war, it will be necessary to supplement and augment the standing army through mobilization, because the costs of maintaining a standing professional army large enough to defend the country without mobilization would be prohibitively high. For political and other reasons, it is neither expedient nor permissible to maintain a professional army of such strength.

Therefore we are planning to raise the proportion of reenlisted (contractual) professional soldiers within an army that is based on conscription, but with the conscripts' length of compulsory military service reduced to 12 months. This way a suitable level of the army's effectiveness and combat readiness can be ensured.

Over and above this, but without our wanting to militarize the country, society, the economy, and even individuals will have to assume their share of the country's defense.

If these basic conditions are ensured, then we believe that the country will be able to defend itself, and the army will be capable of fulfilling its tasks that are stemming from the country's defense.

Naturally, I am unable to answer the question "whether in general Hungary can be defended." That could apply to the case of an attack with nuclear weapons against the country by a superpower or a military coalition (although we know that such a scenario is not a realistic one, it too could be included under "in general"), or to the case of an armed group, several hundred strong, wanting to invade the country.

Therefore, we believe that it will be expedient to clarify that by defensive capability we mean that the army is able, and must be able, to effectively defend the country in case of an attack with conventional weapons, to prevent the aggressor from achieving his objectives, and to provide opportunity for a political solution. But this defensive capability does not mean the "circular

defense" that is often being mentioned nowadays and which, incidentally, does not even belong conceptually in the same category. The point, then, is not to "entrench" the country, but to effectively defend its territory in case of an attack from any direction, and to preserve the country's independence and its ability to function.

In other words, against the threats that might realistically arise, excluding attacks by a superpower or by a military coalition, the country can be defended in presumable conflicts, provided that society wants to defend it and that it maintains suitably equipped armed forces of the size necessary for that purpose.

The establishment of such armed forces will require over and above society's and the political leadership's determination, very significant reorganization and modernization of the present Hungarian Armed Forces, the implementation of a circumspect and thorough military reform.

It is quite true that the "military reform" which was started a few years ago has not meant much more to date than merely troop reductions. We see the fundamental cause of this in the absence of the necessary conditions. New, modern armed forces cannot be built when even the most essential material conditions are lacking, not just for technical modernization, but even for maintenance and suitable training. However, one must recognize that this "reform initiative" is entirely in accord with the expected results, now within reach of the Vienna talks, on the reduction of conventional forces in Europe, which again does not indicate that all of this has come about without any concept behind it.

Of course, besides ensuring the necessary conditions, corrections will have to be made in the earlier decisions that were made under different conditions and circumstances. Those decisions will have to be modified and amended in several essential respects.

In accordance with our new security policy and emerging military doctrine, for instance, it is necessary to reexamine the principles of the armed forces' use, their organization and chain of command, and the earlier and currently available sources of supplying combat material and the possibilities of its procurement.

This process requires deliberate and competent activity. In that case, if the necessary conditions are ensured, the entire process can be carried out while maintaining the effectiveness and combat readiness of the Hungarian Armed Forces, which of course is our duty as well as our main ambition. But I wish to emphasize once again that society's support is indispensable for this. Effectiveness and combat readiness cannot be maintained if we completely dismantle and disorganize. I could have said the Hungarian Armed Forces, and eventually "recreate" them when necessary, or when money to do so becomes available.

By our assessment, work on elaborating the basic principles of our defense policy, our military doctrine, is in

progress and is proceeding basically in the right direction, although not always at a suitable pace and not spectacularly, either.

For this work we await, and we will gratefully accept, proposals and helpful suggestions from anyone. We will make every effort to provide a forum for such proposals and suggestions also in the future, and we will strive to make use of them in our work.

YUGOSLAVIA

Interview With Slovene Defense Minister

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[Interview with Slovene Defense Minister Janez Jansa by Janko Lorencl on 14 March 1991; place not given: "And the Peoples of Yugoslavia Are Uniting Again..."]

[Text] [Lorencl] Jovic and the Army have never been so clearly threatening a state of emergency. What, specifically, would that state of emergency be like, and would that mean some sort of military coup? Total military intervention?

[Jansa] Not necessarily. A state of emergency is a rather undefined concept. To be sure, it is mentioned in the federal law on nationwide defense, but in a rather general way—and that is the greatest danger! When a state of emergency is declared, the president of the SFRY Presidency can take certain steps himself, i.e., give orders to the armed forces and only afterwards forward them for confirmation to the other members of the presidency (if it can even meet at all, of course). Certain republic bodies also have similar authority for their own republics, with a substantially greater hierarchical nature; the federal bodies can give direct orders to the republic ones, and directly carry out some orders on the territory of the republic. Slovenia insured against the external imposition of a state of emergency with a constitutional amendment. Of course, it is more a real issue than a legal one.

[Lorencl] Then a state of emergency can be declared for Yugoslavia as a whole or only here and there, and can it be milder or more severe?

[Jansa] According to federal regulations, only the SFRY Presidency has the authority to declare a state of emergency for the entire nation or only one part of it. It has already exercised that right in Kosovo, and on that basis, we can conclude approximately what the nature of such a state of emergency would be. It has to do, above all, with the direct involvement of the federal police, and of course the armed forces, with a varying degree of intensity...

[Lorencl] So it is not necessary for a state of emergency to involve the use of the armed forces as well?

[Jansa] No.

[Lorencl] Could it happen that a state of emergency would be declared, and then nothing at all would follow?

[Jansa] Yes, it could be just pressure. We would be waiting every day for something to happen, and the psychosis would grow, until a state of emergency came into being as a consequence of expecting it.

[Lorencl] That is already happening now.

[Jansa] Yes, only without a formal declaration.

[Lorencl] To what extent are the threats formulated now by Jovic connected with events in Serbia?

[Jansa] According to my information, they are directly connected. On Tuesday morning (12 March 1991), there was to have been a coordination meeting among the military leadership, Jovic, and Serbian political representatives. They felt that a compromise had to be reached in Serbia by any means, the situation had to be calmed down, and the center of the conflict had to be shifted somewhere else. Milosevic explicitly insisted on this. Through Jovic and Blagoje Adzic, who represents the most extreme positions in the military leadership, he had the military cabinet convened. Let me say that as early as Sunday (10 March), the officer corps in Slovenia was already talking about how in a few days, there would be a meeting of the Presidency—as the commander in chief; and that it would be at military installations, where the members of the Presidency would be shown evidence that individual republic politicians, who had ties with foreign powers, were involved in a conspiracy against Yugoslavia. In connection with this, they mentioned, for instance, Drnovsek and Tudjman, and their talks in Davos. They even boasted that they had direct proof of a conspiracy against Yugoslavia. Similar words were also spoken by Serbian Prime Minister Zelenovic. The source of the information for Zelenovic and the others is the same—the views of the military security service, which are always very inflated. But when you go into the content, nothing remains; the balloon simply bursts.

[Lorencl] Why did the Army in Belgrade send tanks into the streets? It is surprising, because it did it after the worst was already over.

[Jansa] The main reason was a show of force, precisely because Serbia is the most powerful and largest, and, as it keeps saying, the last stronghold of the Army. The steps carried out, partly through that show of force, were planned in detail in Serbia even before the elections. They would have been carried out even if the outcome of the elections had been different then. Scenarios were also prepared for starting a conflict; the Army would have intervened and prevented the establishment of a new government if the Serbian opposition had won. They have carried out part of that now. The intervention probably also happened because of those plans that had been prepared; the book was already open and they started it from the beginning. At first there were probably considerably different opinions on whether to do it

and how. That is the reason for the delay. The main reason for the Army's going into the streets, in my opinion, was a request from Milosevic and the Serbian leadership. Without it, there would have been no intervention. Then during the intervention the situation changed, the Serbian Orthodox Church agreed to cooperate, and they felt that it was necessary to shift the center of the conflict to other parts of Yugoslavia.

[Lorencl] The psychosis of those same critical hours probably also played a role. There was probably considerable panic. That step taken by the Army seems very irrational. It seriously discredited the Army in Serbia itself, where it was clearly acting on the side of the ruling regime, and thus lost its all-Serbian and all-Yugoslav image in the eyes of many Serbs.

[Jansa] We can tell just from articles in the military press over the last few months that the Army has decisively set itself against the Serbian opposition and somehow tried to establish a balance: Our main danger are the Ustase in Croatia (who are mostly in power) and the Cetniks in Serbia (who are in the opposition)! Of course, the Cetniks were less present in that press coverage and in the Army's political reports, since a considerable number of Serbian opposition sympathizers could be noted among the Serbian officer corps. According to our information, some Serbian officers were also arrested in Slovenia on the night when the demonstrations began; we can conclude that they were the ones the military security service suspected of sympathizing with the Serbian opposition. Furthermore, a view that is by no means unusual for our generals prevailed in the military leadership—the view that Vuk Draskovic is backed by Western intelligence services.

[Lorencl] There is an alliance of interests between the Milosevic regime and the military leadership. That is obvious. It is difficult, however, to determine who in it is more radical. It seems that in that alliance the JLA [Yugoslav People's Army] is being a worse hawk than Milosevic, because it is, of course, more dependent upon the existence of Yugoslavia. Serbia will still exist without the JLA, but the JLA will not exist without Serbia...

[Jansa] Especially not without that regime...

[Lorencl] In short, for months the JLA has been more the main initiator of critical situations than the Milosevic regime.

[Jansa] We could probably say that certain Serbs in the military leadership are more extreme than Serbs in the political leadership. That symbiosis between the currently ruling political elite in Serbia and the military leadership is even more vulgar because it obviously has to do with the generals' personal prospects as well. Even if the nonsocialist option wins the next elections in Serbia (especially if they are held early), and that option still supports unitarism, a united Yugoslavia, etc., that option will no longer support a socialist army, and thus not the JLA. In short, there is a threat to the generals'

personal prospects and careers. It is a blind alley in which their behavior can become unpredictable and irrational.

[Lorencl] There has been a temporary reconciliation in Serbia, but can a lasting stabilization not be expected?

[Jansa] Probably not. If the policy of the central media changes—and those media were a major factor in those upheavals in Serbia—then the opposition will even score points in view of social and other circumstances. If it does not change, there will be demonstrations again, and perhaps even a change in the authorities, an interim government, or a state of emergency in Serbia. The ruling regime in Serbia, at this point, can thus only play the card of shifting the conflict somewhere else: Jovic is trying to do that by means of a state of emergency.

[Lorencl] There are already several possible variants in Serbia itself during the next few critical and decisive months. Milosevic will hold out and remain more or less in power. Milosevic will fall and be replaced by either Draskovic or someone else in the moderate opposition. The third variant is a continuation of the present, already distorted positional war, in which the regime will probably slowly lose, but nevertheless remain more or less intact. Does it seem to you that this third variant is the most likely?

[Jansa] The most work is being done on that, since it is the only variant that will extend the life of that regime, and it is obvious that the regime is prepared to do anything to survive. Of course, that depends a great deal on others, and on us as well.

[Lorencl] From Slovenia's standpoint, it is particularly important that none of these variants would probably bring about any radical change in Serbia's position on the Yugoslav question, even if Draskovic or the moderate opposition or a combination of them came into power. Micunovic, a prominent representative of the moderate wing, also says that Yugoslavia can come apart only if the internal borders are changed. Slovenia's position is thus essentially unchanged, regardless of the various possible Serbian internal changes. Do you agree?

[Jansa] I would agree more with the assertion that Slovenia's position would perhaps improve slightly, whereas Croatia's position would not change or would change by an extremely small margin. Of course, this is only a guess and a conclusion based on several statements, for instance the one by Draskovic, who said that they do not have anything against Slovenia's leaving. Of course, they would only show their real colors when there was actually a change in government. Above all, Serbian politics now would not be autonomous in the event of a change in government, but would still be tied instead to the consent of certain federal institutions, especially the Army. It is said that even if the leadership of the generals were changed and politically neutral ones came instead—Yugoslav-oriented generals—they would still not consent to losing the part of the state that contributes the most toward their expenses, etc.

[Lorencl] In a certain respect the position of Slovenia and Croatia has probably only been somewhat improved by the Serbian events. Serbia has now nevertheless been weakened, and is occupied with itself, and at the same time it has also essentially become a problematical area for the Army, an area where the Army will perhaps have to intervene. That scatters its strength and energy, and at least partly splits its attention, which formerly was directed exclusively toward Slovenia and Croatia.

[Jansa] There are reasons that support such a view. For example, the clear awareness of the mood among the Serbian opposition, which is against the present military leadership, against a state of emergency, and against military intervention. It follows from this that the military leadership must also take into account, in a new way, a true resistance in Serbia. That is something new. On the other hand, that new situation and the destruction of the monolithic foundation of its rather uniform support in Serbia is forcing the military leadership, in combination with the ruling Serbian regime, to hurry the implementation of the measures already previously planned. In connection with this, the following outcomes are possible: I do not believe that the SFRY Presidency, at today's session (Jansa and I spoke on Thursday morning—comment by J.L.), will actually vote for a state of emergency, because the balance of power in the Presidency probably will no longer allow it. Of course, several other possible variants still remain. One possibility is that the military leadership and the general staff will rely on Section 5 of the notorious decree on disarming paramilitary units, which says that the JLA has the right and duty to protect every citizen, etc. For some people, that resolution is a blank check for the Army, while for others (Drnovsek, for instance, who openly said so in the Presidency) it does not mean anything without the declaration of a state of emergency. The question, of course, is how the Army will assess the situation, and whether they will feel that some semilegal backing is better than none if they do not get 100 percent backing. That is one of the possibilities, which can be combined with other variants.

The next and most likely variant is an exacerbation of the ethnic conflict between Serbs and Croats to the boiling point, to a point where the federal presidency, under terrible pressure from a civil war and, let us say, a hundred or so casualties, nevertheless approves the Army's intervention by a majority vote; or a situation will be created in which the Presidency will not be able to meet, it will simply fall apart, and Jovic himself will take steps, even though he does not have the explicit authority. Some foreign countries would probably accept such conduct. I am basing this assertion primarily on the views of diplomatic circles from certain nations on the Army's intervention in the Belgrade demonstrations. I think that circles in France, and especially in the USSR, directly supported such an involvement by the Army, because it supposedly prevented further bloodshed. In connection with this last variant, the most dangerous date for now is 23 March, when Serbian demonstrations

are scheduled to be held in Zagreb's main square against Croatian television reporting. That is no longer Pakrac or Knin. That is the capital of Croatia. In view of the fact that a considerable number of Serbs live in Zagreb itself or nearby (about 100,000, I think), those demonstrations cannot be prevented by prohibiting them. If they persist in that, a conflict will be unavoidable, and that could provide a pretext for involving the Army.

[Lorencl] What should the Croats do about that rally?

[Jansa] The question is whether they can even do anything to prevent it. Extreme caution and extreme restraint would be necessary in any intervention, whatever it is like. Even if they prohibit the rally, and in spite of that it is held, they would have to renounce repression up until the moment when it becomes completely obvious that the thing was organized with the intention of causing a conflict. There are some possibilities for settling the matter, however, since if that rally takes place, there will be extraordinary attention not only from our public, but from the world public as well. The international public will be alarmed. And then it will nevertheless be very difficult to take any step with the obvious intention of provoking a conflict. Some room to maneuver does exist, although it is tight. The question is whether the mood among the Croatian population is such that it simply will not be possible to control this and a spontaneous clash will occur.

[Lorencl] Does the Army have detailed operational plans for a possible general intervention in Slovenia or in Croatia? Or are they at the level of looser strategic plans?

[Jansa] It is difficult to use armed forces without fairly detailed plans. The Army has a so-called military plan. That is a plan for using the armed forces that exists at the national level, at the level of a strategic concepts and a strategic deployment. At lower levels, that plan is worked out to the last details. Recently that military plan has been changed several times. According to a statement by Drnovsek, the federal presidency did not discuss those changes, although that is in its jurisdiction. The last change to that military plan finally eliminated the so-called eastern variant. For a long time, we had an eastern and a western variant. Now the internal danger in connection with the western variant has been put in first place. Even before a year ago, the military leadership checked the situation, and in this connection it organized the well-known exercise Romania 90, against which the Slovene presidency and government protested several times. According to that situation, there would be aggression from the west, and the aggressor would be joined by the new political forces in Slovenia and Croatia. After the latest changes in the military plan the matter has been reversed. In the northwest of the country, there would be resistance to measures taken by the federal authorities, aimed at ensuring the country's territorial integrity. The internal enemy would be supported by an aggressor, i.e., a foreign power, from the west. The one responsible for the aggression would probably be Italy. Because of the interference of a foreign

factor, the peoples of Yugoslavia, as the plan probably says, would once again become united, defeat the aggressor, and thus also the internal enemy (Jansa said the last few words with a slight smile).

Perhaps this whole story will seem a bit unlikely to someone, but all plans discussing the use of JLA units are nevertheless still associated with that external factor. The SFRY Constitution has a rather clear provision that the army is intended primarily for use against external enemies, and so (particularly in recent years, when an internal enemy, after the elections, is somehow doubtful) people are still looking for some sort of tie between internal and external enemies. It is very awkward, if we listen to statements by generals—any of them. It is not as important to the public as it is primarily for the internal Army hierarchy, which has to be convinced somehow that certain political forces in Yugoslavia are only a precursor for an external aggressor and that this is essentially defense of the borders of Yugoslavia and its integrity, and not interference in the internal affairs of one republic or another.

[Lorencl] Actually, you should not know about those military plans.

[Jansa] Let us say that we take Aksentijevic seriously when he says that the JLA is also a Slovene army.

[Lorencl] We need to check a little more on how well informed you are: Do you know how many troops are gathered in the area of Zagreb, where a conflict is being predicted?

[Jansa] I am convinced that that information is known in detail in Croatia. Their defense minister, Martin Spegelj, was the commander of the Fifth Military District, and knows every barrack. That information consequently cannot be secret, isn't that so?

[Lorencl] You, of course, are familiar with the situation in Slovenia.

[Jansa] Of course. It is not a matter of intelligence data. The Army, although it is a rather closed institution, is nevertheless associated with a civilian infrastructure, procurement, civilian communications, etc. Those are data that we possess in a completely official manner.

[Lorencl] The Army is legalistic in a way, in the sense that it wants to gain the presidency's consent for extraordinary measures by any means. What is the reason for that legalism, which is encouraging in a way? To the extent that the Army is still giving some attention to it, it is not completely ripe for a coup.

[Jansa] The main reason for that legalism is the internal situation in the Army. The military leadership itself (as indicated by the recent events) is not a monolithic bloc. There are extremists, and more moderate generals in it. The Army as such is even less homogeneous, and it needs that backing for its own sake. Foreign countries do not concern it as much. I am concerned above all about the

boundary up to which the legalistic approach is still playing its assigned role, and of course, whether that boundary will finally fall.

[Lorencl] Because the JLA thinks that foreign intervention is not possible at all? That at most, economic sanctions are possible?

[Jansa] They cannot be completely convinced of that, especially after the warnings from certain Western countries about the January tensions between Croatia and the JLA. Those warnings were very harsh, and with some of them, the military leadership was even warned that the foreign countries would not stand by idly. Of course, it was not stated what that means in practice. In my opinion, however, for at least some time there would not be any intervention, either by international forces, or even less by any NATO country.

[Lorencl] Is it true that JLA units in Slovenia went to a higher state of readiness in connection with the Belgrade events?

[Jansa] Yes, although primarily as a consequence of the Belgrade events, and afterward, when things there had begun to be resolved. The combat readiness of certain units in Slovenia began to be increased the day before yesterday (on Tuesday) at 1900. At that time the Fifth Military District officially informed us that there was a general inspection in Slovenia of the armed forces, which would carry out individual activities, among others the mobilization and redeployment of certain tactical units; it was also stated that this was a regular activity.

[Lorencl] Did those announcements cite the reasons?

[Jansa] No. It was a notification that was not ordinary. It was obviously a sensitive situation at that time, and the order is still not clear. The increase in combat readiness actually began during the federal presidency session in Topcider. The inspectors came on Tuesday morning (consequently, before the session had even been convened). Those inspectors, who consisted of about 15 high-level officers...

[Lorencl] Was the number stated?

[Jansa] No. Most of them were lieutenant colonels and above—up to generals. That group of inspectors, in addition to checking the combat readiness of the combat units, obviously also had secondary orders: forming units for intervention and taking over command of certain key units in Slovenia.

[Lorencl] What would that mean—that they do not trust certain officers?

[Jansa] That too; above all, in that way they would achieve two goals. In the first place, this was probably a group of officers acquainted with the plans in special preparations; they were probably separated and moved away in those preparations to prevent information from leaking, since if it takes place in regular units, information leaks. On the other hand, they could ensure unified

action in that way. All those receiving the order understand it the same way without separate explanation. It is also a question of not trusting certain officers, especially non-Serbs. With a similar aim, they also took some other steps. For instance, continuing the transfer of Slovene officers from more responsible positions, the top brigade was supposed to be reinforced by armored vehicle drivers from other parts of Yugoslavia, etc. All of the units being formed as units for intervention hurried to prepare their equipment on those days and at those hours, and checked the operation of armored and other motor vehicles. That is always a problem in the JLA; usually a considerable portion of the equipment does not work.

[Lorencl] Are the armored vehicles in the top unit any less worn out than the ones that could be seen on the streets of Belgrade?

[Jansa] The top unit also has the most modern M 84 tanks; but all tanks are effective for intimidation.

[Lorencl] They are big and loud...Does all that mean that the JLA units here in Slovenia are becoming increasingly prepared for intervention?

[Jansa] According to our information, they are prepared for a show of force and for blockading the state border. Those units are not sufficient for a real intervention.

[Lorencl] Those are not such small forces, nevertheless.

[Jansa] It is necessary to distinguish among intimidation, pressure, and occupation, and an attempt at a military coup, which means a seizure of authority by the military structures. Those forces in Slovenia and Croatia are not sufficient for the latter.

In connection with this, there have been discussions in the last few days at meetings in Belgrade about the dilemma of whether to stick with the plans drawn up in the fall, according to which some of the units in the First Military District, which primarily covers Serbia, should be transferred to Slovenia and Croatia. Some people in the general staff were of the opinion that that is no longer advisable now, because they may be needed at any moment to establish order in Serbia. The Serbian political leadership asserted that now that a sort of compromise has been reached, there is no longer any need for that, that they can handle the situation themselves, and that the First Military District can also have at its disposal the Serbian territorial defense forces, which have access to all the equipment and weapons, and that it can use some of the larger Serbian territorial defense units autonomously at its own discretion, in which case it will also modernize them further (this has been taking place, more or less, for several months now).

[Lorencl] Does that mean that the JLA forces in Slovenia will be modernized even more, reinforced, and better organized?

[Jansa] The modernization of the units in Slovenia has been going on for some time. The possibility was created

back in November 1990 that considerably stronger units would be deployed in the Slovene district. Barracks and some other installations have been vacated, measures to supply those units have been prepared, some reserve command locations have been renovated, etc. It is consequently not a question of modernizing the units that are there, but rather of creating the conditions for transferring certain other units there.

[Lorencl] At the same time, the activity of the KOS [Counterintelligence Service] is more and more lively?

[Jansa] That activity is lively all over the place.

[Lorencl] For some time now, Slovenia has been sheltered by the main pressure being directed against Croatia, and that makes its position easier. In other words, Croatia is indirectly giving us strong protection, because it has a large number of people armed and because a popular uprising can be expected if the JLA intervenes. At the same time, Slovenia is increasing Croatia's security.

[Jansa] Just as on the political level, in the military sphere as well, primarily in the sense of deterrence, Croatia is Slovenia's ally in the process of separation. The views of the military leadership that it would be difficult to deal with both republics simultaneously are well known. That assessment is probably even more relevant now, when Serbia is not 100 percent peaceful either. That, of course, is why it is not by chance that those pressures are variable—at one time stronger against Slovenia, and the next, against Croatia. According to some forecasts, the pressure will now be shifted to Slovenia again; that was supposed to be the scenario. After the events in Serbia, the matter is somewhat different. For the military leadership, Croatia is the principal opponent, the main factor in breaking up Yugoslavia; and the military leadership thinks that after dealing with Croatia, Slovenia would not be any real problem, and that the matter can be settled without any real resistance by a physical blockade of the border, a show of force, and a few arrests.

[Lorencl] During the coming months, the crisis situations will probably merge into just one permanent crisis. How should Slovenia act in that situation?

[Jansa] As peacefully as possible. A discussion about how we should act already began today in the Assembly, when deputy Smole proposed a special item—a discussion of the current situation, the measures taken by the military leadership and Jovic, etc. The proposal was not adopted. There is no sense in discussing this at every session of the Assembly and managing to create some sort of state of emergency ourselves. If the federal presidency votes for a state of emergency today, which I doubt, the Assembly will meet in any case. There is no power that could prevent the Assembly from meeting in that situation. Various plans have been made for that. For that situation, the Executive Council has prepared all the normative basis allowing an immediate unilateral secession.

[Lorencl] Does that indicate that Slovenia could not separate from Yugoslavia by agreement within the period anticipated?

[Jansa] With 100-percent agreement, certainly not. That is the main difference between the two concepts that have been offered to the republic assembly. I am thinking of Drnovsek's proposal that separation be offered to the federal assembly, and of the subsequently adopted proposal that we separate through bilateral agreements with the other republics. If we offer that kind of separation—and we have done so—to the other republics, and if one of them accepts the offer, we will thereby achieve a partial separation by agreement. Croatia has already accepted such a proposal, and that is particularly significant, since it is the only republic with which we have a border, and with which we will have to settle very prosaic issues concerning the borders and other relations. If we offered separation to the federal assembly, we would be playing an all-or-nothing card. I think that in any case we would not get everything; consequently, we would be left with nothing. Especially after the changes on the Macedonian and Bosnian political scene, it is wise to persist in what we wrote in the resolution on separation, if the situation is at all favorable for that, of course. If it is not, then it is of course necessary to accelerate those processes.

[Lorencl] Among those interrepublic agreements, by far the most problematic and the most decisive is an agreement with Serbia. For some time it was thought that Serbia would be willing to let Slovenia leave Yugoslavia, so that it could then deal more easily with Croatia. Do you think that that idea ever had any validity? Does it still have any?

[Jansa] It surely is sincere among certain political subjects in Serbia. Above all, of course, it is a tactic of the present Serbian political leadership, which is playing many cards.

[Lorencl] Among others, the "divide and conquer" card...

[Jansa] Of course. It is also playing various double or triple combinations, as intelligence officers would say. Serbia does not need anything more than to hold things up through the federal institutions, regardless of what its politicians say, since in this way they create confusion among us, among our public, and attempt to sow dissension between the concepts of Slovenia and Croatia, which they more or less succeed. The thing is so transparent, that slowly the public is also aware of what is going on.

[Lorencl] One of Slovenia's guidelines should be that it would have everything prepared for secession literally tomorrow.

[Jansa] In my opinion, that is the first task of all the state and other bodies that have anything to do with creating the conditions for such a step.

[Lorencl] That task has not been carried out.

[Jansa] A lot of it has been done. In the last few days the Executive Council has had several meetings on that subject, in both closed and open session, the last one yesterday evening, when we accelerated the preparations as much as possible.

[Lorencl] Isn't it a little late? Finally, it was already clear months ago that the exacerbation of the crisis was inevitable. A great deal of time has been lost. Such behavior is irresponsible.

[Jansa] I partly agree with that; in particular, certain steps were not coordinated. All sorts of things that we shifted in the area of defense should actually have followed some other steps, which have not yet been taken. For instance, the moratorium on military service is understandable for many reasons, especially because the people leave Slovenia for 12 months. In 12 months that Yugoslavia will not exist, at least as far as we are concerned. On the other hand, such steps usually follow certain other steps—economic, monetary, etc. In such a serious undertaking, things must be done in the logical order. In this case there was, I will not say hesitation, but there was no clear strategy from the very beginning. What steps? Where? How? As far as the government is concerned, it was left too much up to the individual agencies, and there was too little coordination, but in spite of that we have gone so far with the preparations that there cannot be any very unpleasant surprise for us in any event.

[Lorencl] What would Slovenia do if the JLA tried to disarm the territorial defense units and introduce direct recruiting, which is one of its goals?

[Jansa] Such attempts are always possible. After the failed attempts in the fall to achieve this through orders from the SFRY Presidency, the ZSLO [Federal Secretariat for National Defense] proposed amendments to the federal law on military service and the SLO [Slovene People's Defense]. Those amendments would actually have given the federal bodies the authority for directly commanding territorial defense units and for directly carrying out recruitment obligations. There is absolutely no legal basis for this. The orders from the federal presidency were also on very shaky ground legally, and obviously unconstitutional. Both laws are now being considered in the federal assembly. The Slovene delegation demanded separate proceedings, and their passage has been postponed. And until those two laws are passed, the federal authorities will probably not undertake unilateral actions since they would thus obviously acknowledge that their conduct was illegal.

I am not ruling out the possibility, however, that both amendments to the law will be passed by majority vote in the federal assembly. In that case, there may be severe tensions. We are familiar with both ultimatums (scenarios), both the one for turning in the territorial defense weapons and the one for turning over recruitment records. We received one on 28 November, and the other

on 10 December. All the plans for steps to be taken in both cases have been prepared and even rehearsed in that situation, so that we are not particularly worried about that.

[Lorencl] And if the territorial defense units were disarmed in spite of that? What would happen?

[Jansa] When the Slovene Presidency was faced with that dilemma in the fall, all the members of the Presidency supported not handing over the weapons! In connection with this, our constitutional and other laws are very clear and they do not leave any doubt.

[Lorencl] And if they tried to take them in spite of that?

[Jansa] Anyone who is a military recruit in territorial defense or a member of the internal affairs organs, and who is charged by a decree or order with protecting weapons or records, etc., not only may but must use

force, a weapon, if someone uses force to threaten either his life, his safety, or the object or item that he is protecting.

[Lorencl] If they shot at him...

[Jansa] If they shot at him he would shoot back and defend himself. The Slovene territorial defense units and the internal affairs organs will not be the first to use force in any event, however. Our position, stated repeatedly, is clear. It is not our goal to have a conflict occur and for us to win it. The greatest possible victory for us will be the achievement of Slovene independence without conflict, by peaceful means. We are investing a great deal of effort in that. Nevertheless, that should not give anyone any illusions that we would not defend ourselves if we were pushed into a conflict against our will. We are prepared for that as well, and I am convinced that we would be very effective. At that time, neither 1918 nor 1945 will be repeated.

BULGARIA

SOMAT's Director Purvanov Interviewed 91BA0354A Sofia DELOVI SVYAT in Bulgarian 28 Jan, 4 Feb 91

[Interview with Slavcho Purvanov, general director of SOMAT [International Automotive Transportation Economic Association], by Mila Manova; place and date not given: "Who Would Like To Be the Grandmother of a Grown-Up Child, and, If So, Why?"]

[28 Jan p 4]

[Text] [Manova] Once again, SOMAT recently became the focal point of attention of the information media, which gave us numerous conflicting views about its past and its future. What is your view?

[Purvanov] SOMAT is a tempting target for many modern "gold diggers." It is not surprising that they would like to be "grandmothers of an already raised child," as the folk saying goes, and to inherit its property, contacts, and organizational possibilities.

Actually, SOMAT is an exceptionally complex organism, and it is difficult to realize what it represents. I am surprised to see people who are formulating arbitrary concepts concerning its future, without knowing it. On the surface, such concepts appear modern. However, they are neither thorough nor profound.

[Manova] What do you mean by that?

[Purvanov] SOMAT is an organization with capital investments and possibilities that are tremendous for our country. This association is of great importance to our economy. SOMAT is not the result of totalitarian, central-planning commitments, but of a properly assessed possibility. It represents the initiative, risk, and responsibility not of the "highest level" management but of the members of the collective: drivers, service personnel, employees, and managers. Everything achieved by SOMAT has been the result of their direct decisions and efforts. The association is based on a contemporary democratic way of thinking and economic results, regardless of the conditions of the totalitarian regime under which it was created. The SOMAT organizations and personnel could be described as the harbingers of new economic ways, forms, and relations in our country, which appeared 10 to 15 years ago.

The collective and the management emphatically have priority in determining the fate and further development of the system. They can be truly helped by competent scientific and governmental institutions. In this case, we should not allow anyone to "fish in murky waters." This applies particularly to firms with doubtful qualities or reputations, or to people whose intellectual possibilities have not been proved or are weak.

[Manova] Some of the information, however, describes SOMAT as an incapable organization whose contribution to Bulgaria has been questionable. It is being said that, ever since it was established, it has been in steady decline and is moving toward bankruptcy.

[Purvanov] Those who are "proving" the decline of SOMAT are actually impatiently awaiting privatization and getting ready to profit from the association's possibilities and facilities. The truth lies elsewhere. It was aptly stated by Mr. Cohen, who is the head of a widely known French shipping firm. Asked about the future of SOMAT, he said: "Today Bulgaria is assuming the difficult task of catching up with Europe in the coming decades. However, it was only SOMAT that for a long time was above the European level. Do you have to spoil this, too?" This has been the assessment of all foreign shipping agents and partners of SOMAT.

However, the best proof is economic results. In 1970, because of the difficulty of the unification process between the former DASP-MP [State Autonomous Economic Enterprise-Motor Transport] and some of the transportation facilities of Teksim, the organization showed a loss of 6,581,000 leva. The positive foreign exchange balance did not exceed 1.2 million leva. Between 1971 and 1985, the organization earned for our economy some \$1.2 billion in profits (not to mention a much larger figure in foreign exchange), and an additional profit in excess of 500 million leva. By the end of 1989, these figures had risen, respectively, to about \$1.4 billion in foreign exchange and more than 550 million in leva.

At the same time, by the end of 1985, personnel assignments totaled about 160 million leva in foreign currency. (I have no data for the subsequent period, although I presume that the trend did not change.) More than 80 percent of the funds were processed by the Bulgarian bank, which used the money and earned a great deal of interest from SOMAT. A dollar earned by SOMAT has always been much "less expensive" for the country's economy. The efficiency and significance of the work have increased greatly, also because, unlike the other enterprises in the country, in earning foreign exchange on the international market, SOMAT does not export any domestic materials. Everything consists of work, skill, "connections," and good organization.

On the other hand, the Bulgarian economy is thus equipped with an elite, flexible, fast, and inexpensive transportation system, particularly in imports and exports. This is having a favorable influence as far as its international markets and reputation are concerned. Meanwhile, the country saves on foreign exchange by saving on freightage, which, without SOMAT, would have had to be paid to foreign organizations and taken out of the country. This also ensures the development of high skills and permanent and profitable jobs to about 10,000 Bulgarians.

During that period, SOMAT hauled between 75 and 50 percent of all motor vehicle freight from all European countries to Asia—as far as India and China and back. The remaining freight, ranging between 30 and 50 percent, was trucked by all the other European and Asian carriers combined. Furthermore, SOMAT has participated in African transport as well.

I have no precise data for the last five years. I know, however, that even today, under the conditions of the severe crisis, when many of the profitable items of our industry are losing in terms of earning foreign exchange, and some of them are continuing to increase the indebtedness of the state, SOMAT is not losing. It continues to supply the country with dollars.

[Manova] Why such stories? What kind of a decline is it?

[Purvanov] I have no idea. As far as the so-called decline from the very start, let me cite the following data on the pace at which the volume of real foreign exchange contribution by SOMAT has changed (in terms of "foreign exchange results"). These are bookkeeping data for the now-familiar five-year interval:

During the Sixth Five-Year Plan, for example, the foreign exchange result was 50 percent higher than in the fifth. During the seventh, as compared with the sixth, it rose by a factor of 4.66. During the eighth (1980-85), as compared with the seventh, it increased by a factor of 1.77 (177 percent).

In terms of foreign exchange results, productivity per motor vehicle increased correspondingly from 54,149 foreign exchange leva to 96,958 foreign exchange leva and, subsequently, 149,332 foreign exchange leva. In the 15-year period, losses suffered by SOMAT are estimated at some 0.10 percent.

Such data need no comment, and, so no one can misinterpret them, saying "we know the worth of such statistics" and so forth, let me repeat that it is a question of *foreign exchange*. This is foreign exchange that is entirely specific, hard currency, convertible.

[Manova] It was pointed out that SOMAT's equipment was purchased with state funds, including foreign exchange. Therefore, SOMAT has contributed to increasing the state debt. This lowers the amount of its contribution, does it not?

[Purvanov] This is untrue. This is the latest misinformation, and it is probably deliberate. SOMAT has not used state funds either in foreign exchange or in leva.

The association developed and functioned on the basis of a statute that was different from other, specifically drafted and autonomous, and with a mechanism based on real self-financing in leva and foreign exchange. This makes relations with the state greatly more different from those of other organizations whose development, at that time, was achieved mainly with the help of the country's budget funds.

The organization pays through its activities all of its development costs, including the making and purchasing of all capital assets such as machines and equipment (motor vehicles, ships, and so forth), as well as its production costs. It continues to pay for them out of its own funds in leva and foreign exchange. Such relations with the state have led to an expedient correlation in investments, which is 90:10 of passive to active assets in favor of the active, which is a unique phenomenon in this type of transportation system.

[4 Feb p 2]

[Text] [Manova] What would be particularly worth knowing today based on the experience of SOMAT?

[Purvanov] SOMAT became independent of the direct diktat of the state as early as 15 to 20 years ago. To a great extent, it was free from the clutches of central planning and from a number of standards and stereotypes. The material status of production and investments, merchandising activities, shipments, procurements (import, export), contractual systems, international activities and relations with foreign companies and institutions, social measures, the establishment of production and management structures, the organization of labor and wages (particularly assignments abroad) and management were all based on independent or almost independent efforts.

SOMAT was able to block the efforts of the minister of transportation to introduce government trade organizations as an intermediary between us and the market, and prevent him from establishing a trade directorate that could have equally separated the production process from the market. By participating directly in the complex and sharp competition with other foreign transportation and shipping organizations (or, depending on its interests, cooperating with them in market interaction), SOMAT submitted its activities and output to the constant evaluation and influence of the market.

On the international market, the system is one, although internally it is differentiated. It has involved the participation of as many as over 4,800 automotive units of different types (as many as 600 of them, with a personnel of 800 outside the country), four river and two maritime ships, and a great deal of stationary equipment. It consists of six operational enterprises and three industrial ones for repairs of machines and assemblies, regeneration of tires, and production of rivets in Bulgaria. Abroad, the enterprise has developed an efficient production-operational and management subsystem involving the participation of nine mixed companies and dozens of other units for services, border and other bureaus, ten hostels with more than 1,000 beds, rest stations, and so forth. It has 17 different transportation technological lines.

All production units, enterprises, firms, technological transportation lines, and, to a certain extent, even individual vehicles and ships are self-managing (to the extent

to which this is possible) up to the delivery of the end product and, to varying extents, operate on the basis of internal cost-accounting.

The management of the association is centralized only in some functions, mainly outside the country. It secures loans through foreign banks for investments and for supplying the enterprises. It hauls goods outside the country or assigns shipments. It manages trade policy and price-setting on international markets outside Bulgaria (in our country this right belongs to the enterprises) and does not allow competition among the individual units on the international market to the detriment of both SOMAT and the country.

Essentially, SOMAT has been able to combine within a single system the good features of the socialist and capitalist mechanisms. Although based in a small country, it has worked successfully and efficiently throughout Europe and in Asia, as far as China and India, and in parts of Africa.

I am convinced that SOMAT has proved the need to be a single system, while it develops further and improves itself through its own method structurally, technologically, and economically on the basis of its experience and the changes that have taken place in the international market. Any "dismantling" of the thus-established system may improve the private accounts of some new eloquent speakers but would worsen Bulgaria's....

[Manova] Does this mean that you are against the privatizing of SOMAT? What are your reasons?

[Purvanov] Neither political forces nor official institutions have clearly expressed their views and, to an even lesser extent, suggested specific ideas about the future of this association. The information media are not responsibly discussing, either profoundly or specifically (let us not even mention the members of the "structures" such as workers, employees, or managers), the processes of such a restructuring, who should carry them out and how.

Concepts such as decentralization, demonopolization, denationalization, privatization, liberalization, and democratization of the economy have become a powerful part of our vocabulary. Many people are already ambitiously using these terms. Yet, it is an easily understandable fact that each person invests in them only the meaning he needs!

I am deeply convinced that the restructuring of our economy, including that of SOMAT, is a necessary process. However, it must take place on an organized basis, following a comprehensive study and in a scientific and practically substantiated sequence. This should take place with the participation of everyone, particularly the workers, employees, and managers—those who created and are working in the enterprises. The procedure should be approved and controlled by the highest state authorities, including the Grand National Assembly. All political forces other than those who,

hiding behind the ideas of change, would like to create chaos, which they would use for their personal purposes, are truly interested in this.

Whatever therapy we may be applying, whether shock or slow, it should be sensible. This means that it must take into consideration not only what happened in the past but what is happening now. Concepts such as the ones we mentioned should not be abused. We should not begin by crying and using masochistic chants such as "be patient and you shall save your soul," "we must experience the future through suffering," and so forth. Meanwhile, we are prematurely breaking up systems and economic ties and destroying cooperation in the production process, wasting raw materials and funds or using them inexpeditiously. In short, before we have dug a new well, we cover the old.

[Manova] This will conflict with the already accepted principles of demonopolization, competition, and change of ownership, or the dynamizing of the system!

[Purvanov] SOMAT is a powerful organization that, however, has never been a monopolist.

Its power on the international market is not only useful but also necessary. What is harmful is for its branches to compete with other Bulgarian carriers! If we are still unable to trust ourselves, let us look at the experience of Japan, where state laws and interstructural contracts forbid competition among Japanese enterprises on the international market.

The Common Market countries argue, year after year, about unifying and protecting their agriculture on the international market. The big concerns develop special integration systems to support prices on the market. In general, they cannot understand the "concepts" of some Bulgarian theoreticians who are alienated from life and are hastily dismantling their facilities. Conversely, they are uniting their forces.

Change of ownership, however, is a different matter.

I believe that the most suitable form would be that of stockholding, with the participation of the state, which would represent SOMAT, and state firms that use this transport facility, as well as the participation of the personnel and, finally, of private companies, on the basis of defined specific relations with them. The system must unite and be managed by a holding company that would coordinate and, from the daily functioning and economic point of view, implement the virtually identical functions of the current SOMAT management, with minor exceptions. SOMAT should also accept the participation of foreign companies in units located outside the country and, above all, on Common Market territory, with a view to adapting itself as early as possible to the changes occurring in that area.

The idea of splitting SOMAT and creating independent firms is pernicious. That would greatly harm the interests of the country. The income from international

transportation will drop substantially because of the impossibility of the small enterprises to have the quality and capabilities of a strong organization, and because of weak competitiveness and harmful competitiveness on the international market. As far as competition within the country is concerned, it already exists among all organizations capable of setting up transportation facilities.

[Manova] It is clear that, in that case, the splitting of a packet of stocks among those who participate in the production and management process becomes particularly important. What is your view on this?

[Purvanov] The volume of such stock should be substantial. We know, however, that privately owned funds are quite limited and that their participation through stock ownership would be insignificant. Consequently, their interest in work results and personal participation would be small. This situation could be resolved if a certain number of shares are issued free of charge and divided among all departments. Then, as they buy new shares or receive them on the basis of seniority, the number of registered (free of charge) shares would be respectively increased according to a system defined by the general assembly (but fewer), up to a specified adequate number everyone would aspire to reach. After an employee is pensioned off by the enterprise, he would receive his entire share of stock or, should he leave the system prematurely, the shares obtained free of charge would be withdrawn and left to the disposal of management. When new workers or employees are hired, they would be given shares in accordance with the conditions applicable to the others. Should any one of these persons harm the company or his behavior be incompatible with the enterprise's interest, the administrative council could confiscate some of the free shares. Such shares should pay the same dividends as those that were purchased but would not be issued. They would merely be registered. This would make people more interested in remaining in the enterprise until they retire, investing their personal funds in shares, and improving discipline and their work.

An essentially similar system should be applied to the managerial staff. It is in that light that, in my view, the question of privatizing SOMAT should be settled. This should be a holding organization of stock-owning companies (its present enterprises), in which the state would own 51 percent. The remainder could be divided roughly as follows: personnel, 25 percent; other willing stockholders such as state or cooperative and private companies, 20 percent; and the state stockholding fund for people who are not part of the production process and are retired, 5 percent. The allocation of the stock, with the exception of that owned by the state and the personnel, would be decided by the administrative council.

The possibility of forming stockholding companies and providing guarantees for their reliable development and the protection of their interests increases with the greater participation of the state (51 percent). This would block

centrifugal forces and competition on the international market and would stabilize management, which would be of great importance at this initial stage. This would ensure a more equitable protection of the interests of the small and medium stockholders and would prevent the diktat of the big ones, which would make the factor of social dynamics in the economics of such companies more widespread and more democratic in nature. At the same time, possibilities would be created to influence and ensure the democratic protection of management from a lack of principles and enthusiasm.

The extensive and interested participation of the personnel in the property of the enterprise and the help of a specific statute governing their stock, their activeness, and their discipline could improve substantially. The productivity of machines and men as well as the quality of output could also improve.

The participation of enterprises interested in the firm would provide a more updated and accurate attitude on the part of the company to objective economic conditions. The participation of private firms and organizations would strengthen the useful influence of private initiative.

CZECHOSLOVAKIA

Restitution, Privatization Difference Explained

*91CH0392C Prague HOSPODARSKE NOVINY
in Czech 12 Feb 91 p 13*

[Article by Eng. Eva Velebova, doctor of jurisprudence, Legislative Department of the Office of the Federal Assembly: "Restitution and Privatization—A Small Guide to Terminology"]

[Text] The Federal Assembly is discussing one law after another and it is no wonder that people sometimes lose an overview in the thicket of terminology. The privatization and restitution laws particularly deserve explanation, not only from the substantive side, but also from the linguistic side.

In the course of preparing legislative solutions, the expression restitution has become customary in working contacts to denote measures, the purpose of which is to adjust methods for mitigating some of the property injuries which befell a very broad circle of members of all strata of the adult population and the generation of their progeny during those unholy 40 years. In the true sense of the word, however, this is not a question of complete restitution, and cannot be so. Neither the lapse of time nor the financial situation of the state can facilitate total restitution, that is to say, bringing matters back to the original status. Nevertheless, this involves a highly differentiated problem in terms of content. The method of impacting and its extent was very different and, therefore, requires differing solutions.

The first legal adjustment in this sense was created by Law No. 403/1990 on mitigating the effects of certain property injuries. For the circle of authorized individuals, that is to say, the original owners, their children, and other progeny, or their heirs, the law primarily established the right to the return of things. In this case, in other words, this is a matter of reprivatization, because the property is to be handed back into the hands of a physical or private legal entity from whom it was taken—in other words, it is to be returned to the private individual (an entity enjoying private rights). The right to offer financial compensation is established here only to a limited extent (particularly with respect to misuse of a structure).

Currently, the Federal Assembly is engaged in working out another method for mitigating the injustices resulting from past years of the lack of freedom and is doing so within the framework of discussing the government proposal for the amendment of Law No. 119/1990 on court rehabilitation and the law on extrajudicial rehabilitation. Naturally, this law attempts to solve the methods of mitigating property injuries together with moral rehabilitation. The right to have things returned is anticipated in the government proposal both for cases where property was taken from the original owner who has been judicially rehabilitated, and also in cases where, during the decisive period, which is outlined in the law, there was a taking on the basis of civic or administrative actions. The proposal for the law on extrajudicial rehabilitation also includes rehabilitation in terms of labor-legal relationships and adjusts the computations of pensions for the afflicted.

However, not a single one of the above-mentioned standards deals with land and agricultural property. This problem is solved by the government proposal of the law on adjusting ownership relationships with respect to land, with which the Federal Assembly will obviously be dealing during the March joint session of the Assembly. Even this proposal counts on the return of taken real property—in other words, with reprivatization within limitations stipulated in the law.

Reprivatization, as one of the methods of mitigating property injuries, is very closely connected with the term privatization—in other words, with the central problem of changing (transforming) our economy to the principles of a market economy. Such an economy can be created only by economically independent entities—that is to say, owners, be they individual physical persons or private legal persons. In addition to the original owners (persons to whose benefit property is being reprivatized), this body will include private individuals who will become owners of the means of production as well as commercial companies of all types. The legal basis for this is formed by the already effective Law No. 427/1990 on the transfer of state ownership of certain items to other legal or physical entities (so-called small privatization), on the one hand, and by the law on great privatization, which is currently being discussed in the parliament, on the other hand. In conjunction with this law,

yet another foreign term appears: deetatization. Its objective is to transfer existing state enterprises to private right entities—in other words, to such types of commercial companies which correspond to the requirements of the privatization process. An equally descriptive, but more easily pronounced Czech counterpart to deetatization is denationalization.

Social Security Transfer Payments Increased

91CH0392A Prague HOSPODARSKE NOVINY
in Czech 13 Feb 91 p 4

[Article by Jaroslav Dostal, deputy minister of labor and social security for the CSFR: "Social Security for Almost One-Fourth of Our Population—How Will Social Security Payments Grow?"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] The law on increasing social security transfer payments, which was approved in the Federal Assembly on 29 January, is one of a number of measures through which the social sphere reacts to the changing economic conditions which influence not only the nominal value, but particularly the real value of social security payments. The solution of this problem was promised by the government as far back as last year and the increases of prices at the beginning of this year still further emphasize the need for a solution. The final decision on increasing social security payments has, rightly, been awaited with impatience by the public.

In view of the newly forming jurisdictions at the republic and federal level, a certain delay occurred in the necessity to implement this increase in social security payments by a law of the Federal Assembly so that its provisions would be uniform over the territory of the entire federation. The adoption of differing methods of increasing in the individual republics would violate the unified social environment and the needs of a unified labor market. Our entry into the European Community will require not only a unified social system on the territory of the federation, but also its integration with the other countries. A return to the unity which continues to exist thus far would be immeasurably complicated and financially expensive.

The fundamental intent of the law is to make sure that, during the current period of cost-of-living increases, the living standard of social security recipients not fall beneath the tolerable social limit. The importance of the law, therefore, does not lie in its extent, but in the fact that it pertains to all current social security recipients, that is to say, 22 percent of the population and to all those who will become pensioners during the course of this year. As far as the volume of financial resources for this increased social security is concerned, it is the most costly measure which has ever been implemented in the history of social security; its annual impact amounts to 8.8 billion Czech korunas [Kcs].

Which Payments Will Be Increased?

According to the approved law, all old-age pensions will be increased, as will payments to invalids, to partial invalids, to widows, to orphans, and retirement payments. In contrast to all previous increases in social security payments, the entitlement to this increase will be applicable not only to pensions already being paid, but also to pensions which are to be recognized and authorized during the course of this year. This is so because pensioners who retire during the course of this year will not have their pensions show the effect of the increase in wages, connected with the price increases yet and the level of their pensions would, thus, be commensurate with the level of pensions prior to the liberalization of prices. Retirees will receive their increased retirement benefits for the first time during the March payment of pensions.

Reasons for the Percentage Increases

Increased pensions were determined in accordance with increased living costs and took the growth of average nominal wages into account. The establishment of the method of effecting increases was based on fundamental principles of social security payments, which include the fact that the size of the pension is commensurate to the duration of employment and to the earnings achieved during employment activity. If increasing pensions were to ignore these fundamental principles completely, additional unjustified and frequently unjust differences would arise between pensions. It would clearly not be fair if, after retirement, one person could maintain his standard of living or improve it and another, on the contrary, might experience a deep decline.

In view of the fact that in granting a pension, its size is determined by a percentage of the earnings achieved prior to retirement, it is purposeful to retain this percentage relationship even in increasing pensions and to, thus, also retain the relative differentiation between pensions as they would become manifest as a result of wage developments, the influence of which is supposed to eliminate increases in pensions. This is a generally used method of adjusting social payments by those foreign systems which already have a system for the regular increasing of pensions.

Despite the fact that retirees with the lowest pensions must have their living requirements safeguarded at a socially recognized minimum level, without regard to their previous income, the requirements of all retirees are not the same and differentiation in the level of retirement benefits is a justified consequence of their working activities, which should be taken into account. Even if the level of income was not always commensurate with the difficulty and importance of the work performed, the previous income differentiation must be considered as a basis for differentiating the size of pensions. The retirement system is not capable of rectifying any possible former injustices in remuneration, and this cannot even be its role.

Basic Increases

In view of the fact that the average wage rose by 3 percent last year and a 5-percent rise is anticipated for the beginning of this year as a basis for regulating wage development, it was decided to increase all pensions by 8 percent. If we were to increase pensions by less than 8 percent, pensions would lag behind wage development. Even pensions which were granted by the end of 1988 and in 1989, in other words, pensions which did not reflect even a wage increase which was ongoing during those years and whose real value has also declined, will be increased by this percentage. These pensions had not been increased after they were granted because the adjustment effective October 1990 was aimed at increasing the level of pensions granted prior to 1 October 1988. It must be remembered that in the case of these pensions from those years, we are not dealing merely with high pensions which were advantaged as a result of new regulations effective 1 October 1988, but that they also include retirees with pensions based on below average wages, who did not benefit from the new regulations. An increase of less than 8 percent would, therefore, not be commensurate with the intentions which this adjustment pursues.

Preferential Treatment for Previously Granted Pensions

Because there was no mechanism which would have made it possible to take into account the rise in wages for pensioners which had retired prior to that time, inadequate differences came into being between retirees who, while they had worked the same length of time in the same professions with the same efficiency and perhaps even at the same work site, had been employed during periods when their achieved earnings had differed. For this reason, an extensive group of lower pensions is created primarily on the basis of pensions which have been in the process of being paid for a longer period of time, in cases where the low level of retirement benefits is the result of the failure to adapt pensions to wage developments. To a far lesser extent, the group is made up of pensions granted during recent years. If the previously granted pensions had been regularly increased in accordance with the rise in average wages, they would be at the median or high level today and their mutual differentiation would have been preserved at the appropriate level.

The intention to reduce these unjustified differences was the aim of the pension increases granted in October 1990. In the interest of still further reducing these differences, the increases in pensions as of March 1991 were set in a differentiated manner, based on the time frame in which they were granted by adding 3 percent to the basic 8-percent increase for pensions granted prior to 1978 and 2 percent to the basic 8-percent increase for pensions granted in 1979 through 1985, and 1 percent to the basic increase for pensions granted after 1985, but prior to 30 September 1988. From this, it follows that pensions will be increased as follows:

- Pensions prior to 31 December 1978—by 11 percent.
- Pensions from 1 January 1979 through 31 December 1985—by 10 percent.
- Pensions from 1 January 1986 through 30 September 1988—by 9 percent.
- Pensions from 1 October 1988 through 31 December 1991—by 8 percent.

It would be purposeful to provide a more specific differentiation in increasing older pensions because these pensions continue to lag behind the current level of pensions, even after the differentiated increases. It was even recommended that pensions from various periods be equalized on a priority basis and only then that all pensions be increased. But do we have the resources for this? Should we, in the interest of eliminating one problem, create another by adapting more recent pensions to new prices, provided enough resources are left to do this following the equalization of old pensions?

Pension increases are based on the need to react to increased price levels, to the growth in wages—in other words, to factors which pertain to everyone. That is why this reaction must basically impact everyone. Solving the problem of old pensions, with which our social security system has been struggling for decades, is not something we are foregoing, but we must proceed on the basis of realistic possibilities. For this year, the state budgets anticipate the necessity for valorizing pensions at approximately Kcs10 billion, of which more than Kcs7 billion will be required for the proposed increases. Thus, approximately Kcs3 billion remain to finance additional valorization steps this year. To accomplish a more advantageous percentage increase for older pensions, for example, as much as increasing them by 6 percent (instead of the proposed 3 percent), would require an additional Kcs1.6 billion, which would exhaust virtually the entire reserve for this year as early as the March pension adjustments.

The Lowest Increases

It can be anticipated that the strict regulation of wages and the economic difficulties experienced by many enterprises will result in a lowered standard of living even for active workers. The development of wages or even its reflection in social security payments will not fully compensate for the growth in the cost of living. Efforts to achieve savings in personal consumption will, therefore, be applicable to all. These efforts will be easily handled by those who have higher incomes, irrespective of whether they are working or retired. On the other hand, citizens with lower incomes, in whose consumption the basic necessities of life predominate and who are not capable, through their own forces, to improve their situations, that is to say, particularly pensioners, will find themselves in more difficult circumstances. However, we cannot overlook the upcoming difficulties to be experienced by workers with low incomes, among whom will be many families with children, and, at the same time, strive for a consistent equalization of the growth of living costs involving all pensioners without regard to

the level of their pensions. It is, therefore, essential to consistently take into account the increase in the cost of living, particularly with respect to retirees with lower pensions.

By increasing retirement benefits by the stated percentages, the incomes of retirees will experience the same growth as the incomes of working people. However, because such an increase, if applied to retirees with lower pensions, would be insufficient to mitigate the growth of the cost of living, increases in the cost of living are taken into account in raising those pensions and this is accomplished by increasing their pensions by at least the amount determined in consideration of the growth of living costs. Minimum increases are determined as follows:

- Kcs190 for old-age pensions, invalid pensions, and for employees who have worked the required number of years.
- Kcs144 for widow's pensions.
- Kcs95 for pensions based on partial invalidism and orphan payments for totally orphaned children.
- Kcs57 for pensions for single-parent children.
- One-half of the amounts listed above in the case of pensions adjusted to run concurrently with other pension payments.

The payments involved in the increases were set so that pensioners would experience a smaller decline in the real value of their income than is the case for working people. Whereas in the case of workers the growth of average wages is intended to cover 50 to 70 percent of the increase in the cost of living, the minimum 80-percent increase reflects a rise in the limits for a single source of income ($190 = 80$ percent of 240), while increases involving these lowest pensions fully cover the increase cost of living for their beneficiaries.

With respect to those pensions to which minimum increased payments will apply, there will be a relatively more advantageous increase than that to be experienced by higher pensions because the percentage of actual increase of the pension will be in excess of the pace of wage growth, in accordance with which the higher pensions will be increased. The necessity for a more consistent consideration of the growth of living costs for lower pensions will thus cause a certain leveling with respect to median high pensions. However, an express deepening of this equalization of pensions will not occur because the absolute differences between pensions will essentially remain.

Limitations of the Lowest Pensions

Low pensions which are the sole source of income for the retiree should cover the costs of securing the basic necessities of life. Increases in these pensions, therefore, must fully cover increases in the cost of living. On the basis of the need to consider a 20-percent rise in the cost of living, these pensions were also increased by 20 percent, that is to say, to Kcs1,440 for a single person and Kcs2,400 for a couple. Moreover, all pensioners will

continue to receive a state equalization contribution on top of their pensions, amounting to Kcs140. Thus, the minimum net monthly income for a pensioner will be Kcs1,580 and for a couple of pensioners, Kcs2,680.

The lowest pensions as the sole source of income for retirees were Kcs1,000 in 1989; as of October 1990, they increased to Kcs1,200, and as of March 1991, will increase to Kcs1,440 per month. As of July 1990, each pensioner receives Kcs140 as a state equalization contribution. Thus, the nominal income of these pensioners increased by Kcs580 during the period between the end of 1989 and March 1991, that is to say, by 58 percent. The real value of their incomes, taking into account these increases and an 18-percent rise in the cost of living for 1990 and a 30-percent rise in the cost of living for the first quarter of 1991, has, thus, increased by 3 percent over 1989.

Limits for Increasing Pensions Set at Kcs3,800

In view of the fact that even a newly granted pension may exceed Kcs3,800, it has been determined that Kcs3,800 may not be exceeded by a pension even following the increases according to this law. If this maximum permissible pension level, including the increases, were not enforced, this would mean that about 13,000 retirees would have a higher pension. The above limitations would be exceeded by pensions which are now at a level of Kcs3,518 and which, given an 8-percent increase, could reach a level of as much as Kcs4,104. In other words, increases for these pensions could be achieved by adding Kcs304, whereas increases for low pensions, which are the sole source of income for retirees, are set at Kcs240 and minimum increases for the remaining old-age pensions are set at Kcs190. We consider such a differentiation in the increases to be excessive during the current period and it is therefore purposeful to retain a maximum limit for pensions even after the increases are granted.

The fact that the maximum level of pensions continues to be applicable even for newly granted pensions and that increases for high pensions will be retarded by retaining maximum levels, the higher percentage increase for older pensions, which is currently contemplated, will even lead to reducing the frequently criticized differences between pensions awarded prior to October 1988, when new regulations made it possible to achieve expressly higher pensions. In other words, these are measures which contribute to a more balanced level of pensions granted in various time periods.

However, opinions with regard to limited increases for the highest pensions differ among the public. Some people consider the establishment of a maximum limitation for pensions to be unfair and to be an unjustified limitation of a deserved differentiation between pensions; others, on the other hand, are demanding a lowering of these pensions in the belief that they can only involve undeserved pensions for prominent individuals of the former regime. Where is the truth to be sought?

Of the pensions granted following 1 October 1988, to which the limitations will apply, 32 percent are pensions paid to invalid miners, 17 percent are old-age pensions for miners, 6 percent are old-age pensions paid to participants in the Resistance [World War II], and 45 percent are old-age pensions in categories I through III, the beneficiaries of which worked several years after they were entitled to retire without drawing pension benefits and many worked part of their overall working time in one of the preferential work categories. Only a limited number of cases are those which the former regime permitted to work beyond retirement at high earnings without their further employment being necessary or useful. The problem of undeserved earnings, however, impacts not only on high pensions and it can, therefore, not be justly solved through partial restrictions in increasing pension payments. Therefore, it is not even possible to claim that high pensions are only pensions for prominent individuals of the former regime. They were granted personal pensions which have, however, already been rescinded and were, for the most part, lowered following recalculation based on generally valid regulations.

Not only miners, but also people working beyond retirement age without drawing retirement benefits so as to secure better incomes for themselves in their old age, for example, because the wife was not working for reasons of health, now feel that they are victims of an injustice when they are accused of having excessively high pensions. They point to the fact that the ranks of pensioners with low pensions include a number of people who evaded having to work or made use of possibilities to continue working while drawing pensions. Actually, there are very few retirees with the highest pensions at a possible level of Kcs3,800 and their number only amounts to 0.2 percent of all retirees. If we compare the level of these pensions, for example, with the current average wage, then they are only Kcs600 higher than that wage. It is therefore difficult for us to speak of actually excessive and undeserved pensions, and, on the contrary, we must anticipate the continued need to gradually raise the limits of maximum pensions in the future.

Prospects of Further Increases

In making the transition to a socially oriented market economy, there is no longer any doubt today of the necessity to regularly increase pensions on the basis of previously stipulated criteria, the attainment of which will be signaled by the moment pensions are actually increased. According to the approved law, such a starting moment for a new decision to raise pensions would be the time that the cost-of-living increase would reach at least 10 percent since the last increase, or if average wages rose by at least 5 percent. The law at the same time stipulated that the appropriate growth should be determined not only according to the statistical data provided by the Federal Statistical Office, but also in accordance with the anticipated growth over the next six months. In

view of the extent of the work which must be accomplished by the appropriate social security administrations and by the postal service with each increase in pensions, it is not possible to undertake another increase in pensions before the expiration of three months from the previous one. The six-month forecast involving the cost of living, therefore, must make certain that, in the period between individual adjustments of pensions, the standard of living of pensioners not drop beneath the tolerable level. The stipulated increase must also be accomplished in consideration of whether the previous increase reflected the actual development of decisive indicators.

We expect that we shall receive objective documentation from the Statistical Office in March to permit the evaluation of the influence of price increases on the living standard of pensioners. In other words, these data should already be a reflection of the anticipated influence of the market environment and, thus, reflect the certain decrease in the sharp rise of prices at the beginning of the year. It will also be possible to judge the extent to which the March increase will have fulfilled its objective and which part of the growth in the cost of living was not compensated for with respect to retirees. Therefore, we anticipate presenting the Federal Assembly in June with a proposal for a further increase in pensions, beginning with the July pension payment. In view of the fact that the price development at the beginning of the year is showing a rate of growth originally anticipated for the entire year, it is likely that funds set aside in budgets to valorize pensions will be inadequate and that it will be necessary to seek additional resources to accomplish the appropriate increase in pensions.

POLAND

1990, 1991 Tax Brackets, Deductions Explained 91EP0315A Warsaw PRAWO I INTERESY in Polish No 1, Jan 91 p II

[Article by E.R.: "The Equalization Tax"]

[Text]

For the Year 1990

The equalization tax applies to income from all earnings, income from agency contracts and commission contracts, income from creative, artistic work, and also income from retirement and disability pensions, if the amount of that income exceeds the ceiling above which said tax applies. The law also specifies the kinds of tax-exempt incomes; among other things, anniversary awards, severance pay at retirement, and disability payments subsequent to an accident are tax exempt.

Taxation Rates

For 1990 the ceiling for exemptions from the equalization tax is 18 million zlotys [Z]. Persons whose annual

incomes exceed this ceiling are obligated to pay the tax in accordance with the table below.

Annual Income, in Z	Tax
18-24 million	10 percent of amount in excess of Z18 million
24-32 million	Z600,000 + 20 percent of amount in excess of Z20 million
32-40 million	Z2.2 million + 30 percent of amount in excess of Z32 million
40-48 million	Z4.6 million + 40 percent of amount in excess of Z40 million
More than 48 million	Z7.8 million + 50 percent of amount in excess of Z48 million, but not more than 50 percent of the taxation base

Tax Deductions

Family Deduction: A taxpayer with dependents (children, parents, spouse, siblings) is entitled to a tax exemption of Z270,000 [as published] per dependent. In practice, then, if we have one dependent who derives no income of his or her own and is not ablebodied, the tax-exempt ceiling is Z20.7 million, for two dependents it is 23.5 million, and for three, 25.5 million.

Housing Deduction: A taxpayer who builds or repairs a single-family home or a person who has paid a construction deposit or an apartment deposit to a housing cooperative which is renovating a dwelling in an apartment building in 1990, may deduct corresponding expenditures from his or her income, upon submitting documented proof. The sum total of the expenditures may not exceed Z48 million over the entire period during which this law applies, i.e., since 1983.

Investment Deduction: This rebate is granted to taxpayers who derive their incomes from creative, artistic work or as sculptors, musicians, and photographers.

Payment Procedure

Workplaces withhold the equalization tax from monthly payments. Persons deriving their incomes from varied sources specify the workplace which should withhold the tax. If the tax is not withheld or information on remunerations reaches the workplace after the fiscal year is over and the tax due proves to be higher than the tax payments withheld, the workplace may, upon the taxpayer's request, withhold the equalization tax due from the first three remunerations paid in the following year.

Pensioners and annuitants who are obligated to pay the equalization tax calculate it themselves and should make advance tax payments at quarterly intervals to their local Treasury offices. After the fiscal year is over, they must submit a tax return.

Tax returns also are submitted to Treasury offices by persons benefiting from the housing and investment rebates linked to their professions, as well as by persons whose workplaces are not obligated to withhold their

taxes and whose incomes exceed the tax-exemption ceiling. The tax returns should be submitted to the local Treasury office proper for the taxpayer's domicile by 15 February 1991 without a prior summons.

What About This Year?

The new regulations have not yet taken effect. According to the draft law, the tax-exemption ceiling in 1991 will be raised to Z36 million. The Ministry of Finance is proposing that the equalization tax rates for 1991 be as in the table below.

Annual Income, in Z	Tax
36-54 million	10 percent of the amount in excess of Z36 million
54-72 million	Z1.8 million + 20 percent of the amount in excess of Z54 million
72-90 million	Z5.4 million + 30 percent of the amount in excess of Z90 million
More than 90 million	Z10.8 million + 40 percent of the amount in excess of Z90 million

The family deduction is to remain unchanged. A taxpayer who invests in housing may deduct expenditures of up to Z108 million from his taxable income, upon providing documented proof (of course, during the period of time this law is effective).

Legal basis: Law dated 28 July 1983 on the Equalization Tax (Dz.U., No. 41, Item No. 188, with subsequent amendments); implementing regulations.

Standardization of Privatization Needed

91EP0313D Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 2-3 Feb 91 p II

[Article by Joanna Trepkowska: "Pathways for Small and Medium-Size Enterprises"]

[Text] Small and medium-size enterprises include all those that are not on the 500 largest [enterprises] list and are not municipal property. There are now approximately 5,500 such firms. They can be privatized by utilizing all of the existing methods.

Nothing prevents the transformed State Treasury companies from going down the road paved for them by the five firms whose stocks were sold through public offerings. But they can also be sold or leased under an ordinary lease or in combination with a transfer of ownership, i.e., leasing, to a single investor or to a group of investors. It is also possible that some of the firms will simply be liquidated and their assets put up for auction.

Jerzy Drygalski, deputy minister for ownership transformations, talked about the strategy of privatizing small and medium firms at a press conference on the first of this month. It appears from the information obtained that the ministry intends to accelerate the privatization process and tie it more closely to the development of the

private sector. The creation of regional offices representing the ministry, offices which will cooperate with the voivodship administrations and other ministries, should be of assistance in this work. They will also establish closer contacts with associations and organizations which support privatization. The Sejm has also granted money for the creation of regional representative offices and it is expected that by the end of the year there will be about 12 of them.

Simplification and standardization of privatization procedures is also very important, as is seeking financial solutions which would make it possible to create new owners more quickly, and which would make it easier for investors to purchase stock or shares in the firms being privatized.

The ministry also wants to begin the privatization of selected sectors of the economy, e.g., agriculture and construction. Such an approach would make it possible to link privatization with other economic processes, and particularly with the breakup of monopolies. The first groups which are preparing privatization programs for specific sectors are already functioning.

One of them has concerned itself with ownership transformations in agriculture, i.e., grain processing plants, oil mills, fruit and vegetable processing plants, enterprises involving meat processing, milk production, and poultry breeding, and the privatization of rural cooperatives. Work on proposals to privatize and break up the monopoly in state grain plants is the furthest along.

During the press conference information was also presented concerning the privatization of enterprises through liquidation. By the end of January, 130 completed applications from founding organs were received at the Ministry of Ownership Transformations (MPW) on this matter: 102 of them, dealing with liquidation, were based on the Law on Privatization, and 37 were based on the Law on State Enterprises. In the latter cases, liquidation was due to the firm's poor financial state, i.e., bankruptcy. The minister signed an order to liquidate 31 enterprises due to bankruptcy and gave permission to liquidate 57 enterprises in order to turn them over to employee-owned companies, to be used in return for payment. Among the 31 enterprises liquidated due to bankruptcy there were eight commercial firms, two construction enterprises, and nine service firms (including three design offices, three tourist enterprises, one farming, and one lottery monopoly). The founding organs for these enterprises were mainly voivodes (21 enterprises), the minister of industry (nine), and the minister of transport (one).

Among the 57 enterprises privatized through liquidation, there were 14 commercial enterprises, eight industrial enterprises, 22 service enterprises, and 13 construction enterprises. The property of the firms liquidated under the privatization law is generally leased for use in return for payment, and some of it is sold. However, the assets of the enterprises liquidated under the Law on

State Enterprises are mainly sold at public auction. Very shortly, the following will be put up for sale at such auctions: 103 buildings, 12 restaurants, 65 sales and service shopping blocks, and 30 warehouses.

MPW forecasts show that by the end of the 1991, using all of the existing methods, approximately 1,000 small and medium-size enterprises will be privatized—that is, almost 20 percent.

ROMANIA

Leading Hungarian Minority Economist Interviewed

91CH0373A Bucharest ROMANIAI MAGYAR SZO in Hungarian 5 Feb 91 pp 1, 3

[Interview with Dr. Jeno Kerekes, president of the Hungarian Economists Association in Romania, by Gyozo Roman; place and date not given: "Whither Thou Goest?"]

[Text] [Roman] Professor Kerekes, we have already written about the creation of the association, but not about its operation and the goals that have been achieved thus far. What do you consider to be the greatest achievement of the recent past?

[Kerekes] I think that the greatest achievement was the fact that we managed to organize a series of lectures on market economy, with the involvement of well-known experts from abroad. In my opinion, this is very important now that we are switching from a centralized planned economy to a market-based one, and a significant segment of our economists is just now learning some new terms and economic ways of thinking. At the same time, commissioned by the RMDSZ [Democratic Federation of Hungarians in Romania], we have prepared a program of actions with the aim of remedying the problems and worries of our economy. We forwarded this program, as early as 15 November 1990, to the president's office in Bucharest, as well as to the office of the secretariat in Kolozsvar-Cluj, but thus far we have received no response.

[Roman] I was told that the problems of economy have been brought up already in Sepsiszentgyorgy, at the meeting of the RMDSZ' national board, and members of the association were asked for their views.

[Kerekes] Three or four days before the meeting we were asked to develop a program. We considered that laughable; after all, no serious work can be accomplished in such a short time. We outlined a few of the more important problems, and that was when we were given the commission mentioned above.

[Roman] The RMDSZ leadership told us that there is good cooperation between them and the association.

[Kerekes] It is evident from what was said above that there is a certain amount of cooperation among us.

However, in my view, this cannot even be considered acceptable because there is no dialogue, and dialogue is necessary for good collaboration. We live in a dynamically changing world; comprehensive knowledge, much data, and opinions are needed to formulate any single measure or declaration. Such information can only be obtained from experts. Regrettably, the situation is that there are many people who criticize the so-called reform outlined by the government, but none of the parties has come up with an alternative economic program, even though there is a great need. What we see in the newspapers and on the television are not points of a program debated by politicians, but the reading of proclamations. These are prepared in the same manner as during the time of Ceausescu, except instead of laudatory expressions, now critical observations are used. Instead of reflecting on how the economic reforms should be implemented, they tell us why one or another of the parties or alliances is insulted. It would be advisable to recognize that the speed with which we create a democratic society depends on how we can make our economy healthier. In order to do this, we must soon find the way to switch to a market-based economy.

[Roman] Prime Minister Petre Roman also emphasizes this.

[Kerekes] Not only he, everyone does. However, the government's measures thus far seem to indicate that they do not strive for a genuine market economy, but rather one that is controlled by the state. Yet, the central issue is exactly the transformation of proprietary forms. Instead of being a proprietor through various layers of interference, an individual should be able to exercise proprietary rights directly. Thus, governmental measures are not bold and categorical enough. For the time being, everything is still controlled by the state. The fact that the state still retains 70 percent of the commercial associations' capital continues to preserve its monopolistic position.

[Roman] Does not the law on shareholding companies modify this situation?

[Kerekes] No, because thus far, very little private capital found its way into the productive branches, which means that they remain under state oversight. At the moment, there is no excess capital in this country; it must be brought in from abroad.

[Roman] Is it your opinion that if the situation were to become more stable in Romania, foreigners would invest here, even though they could take their money elsewhere?

[Kerekes] Of course. If domestic stability were to be reestablished, foreign capital would be in a very advantageous situation in Romania. I say this for the following reasons: Romania has no significant debts abroad, and the country is one of Europe's richest regions in raw materials. To be sure, the industrial plants have technologically outmoded equipment, but they exist and they can be refurbished.

[Roman] Yes, but in talking to foreigners, we hear that neither the work ethics, nor the training of the work force equals that in the other former socialist countries to the west of us.

[Kerekes] This is debatable. Work ethics can be improved in a rather short time. We must simply give the workers a material incentive, and their relationship to work will change. In addition, capital is also attracted to Romania by the fact that labor is inexpensive.

[Roman] In your view, what is the situation of our national economy?

[Kerekes] I am only familiar with the situation at some enterprises in Kolozsvar-Cluj. There are companies where production and productivity have increased. However, it would be a mistake to deny that the firms are struggling with huge difficulties. For the time being, there is no noticeable influx of capital. We must create the broadest possible opportunities for the foreign investors, because purely humanitarian considerations will not attract money to this country. We should not be afraid of capital influx, it does not mean the selling of our national wealth, but rather an opportunity to utilize our domestic resources with the help of foreign capital.

[Roman] The introduction of free pricing practices is indispensable to a market economy. In our country the liberalization of prices produced sad results. Why?

[Kerekes] The introduction of free prices was not preceded by a significant increase in production, which is what we should have achieved before anything else. As long as there is an insufficient supply of goods on the market, price liberalization will lead to higher prices. At the moment, demand is much greater than supply, so it is logical that freeing the prices has produced price increases.

[Roman] We could also bring goods in from abroad, but to do that we would have to change the law on excise fees.

[Kerekes] That would also improve domestic production. The most important thing is to have goods on the market, competing with each other.

[Roman] According to the theory of Professor Rugina, the transformation of the economy should have begun with monetary reforms.

[Kerekes] Monetary reforms cannot be achieved without a suitable production basis.

[Roman] But is it possible to base the lei on the gold standard?

[Kerekes] I do not know if this is practical and realizable. Does the country have that much gold? Yugoslavia established the convertible dinar, and yet inflation went higher and higher because there were no goods on the market, and there were problems with the production.

[Roman] Does the threat of severe inflation also exist in our country?

[Kerekes] Yes, because the introduction of free prices was not properly timed. As I said, if there is no production, there is no competition, there is no market, so the prices of goods will go up. No doubt, there is a great burden on the government. As a result, it delayed the introduction of free prices in the sphere of basic foods. I am not convinced that in a few months they can create the conditions necessary for the next phase in introducing free prices. So, there will be an inflation in this country, too. This is a necessary evil that is helpful in reestablishing an economic balance.

[Roman] Are we also facing the threat of unemployment?

[Kerekes] Unemployment must be accepted, and its effects controlled with social welfare measures. It would benefit neither the plant, nor the national economy for an enterprise to retain employees purely on humanitarian grounds.

[Roman] In fact, the trade unions are still weak, the social safety net is just being formed, and people are facing squalor.

[Kerekes] The transformation to a market-based economy cannot be realized without sacrifices. However, I feel that steps can be taken in Romania to aid the people's material circumstances, at least during the initial stages.

[Roman] Small monies can only be invested in small enterprises; while no private capital is flowing toward the large firms. This would require more money.

[Kerekes] People will invest primarily in ventures that will return their money in a relatively short time. This is natural. However, if we offer advantages in taxation and property handling, private capital will also go into the productive sector. At the moment, investing in industry offers no advantages over putting one's money into a bar, a fast-food outlet, or a store. No one considered it that investment in industry is recouped at a slower rate.

[Roman] It would be nice if the banks changed their credit policies.

[Kerekes] When it comes to the Agrarian Bank, some change seems to have taken place. It provides credit to farmers. The operation of privately owned production facilities, the so-called tarin, require money, and this could be provided in the form of loans. This is necessary especially because people who find themselves outside the gates of industrial enterprises go back to the villages, trying to earn a living there. Our country, in fact, had subsurface unemployment for some time; the only thing happening now is that these unemployed are becoming more visible.

[Roman] Is there a danger that it will be primarily ethnic Hungarians who will lose their jobs?

[Kerekes] This could happen primarily in those counties where ethnic Hungarians are in a minority. We can encounter worries of this type even in Kolozs county! It should be up to the trade unions to prevent this from happening, but I see no signs of this. Others must feel the same way, because I see more and more ethnic Hungarians who are trying to organize their own enterprises, seeking opportunities to make themselves independent. Of course, in a democracy, in a genuine market economy, the proprietor does not choose his workers on the basis of their ethnic background, but hires those who perform best, and bring him the greatest profits. However, right now people are still not thinking that way.

YUGOSLAVIA

Plans, Role of Economic Chamber Discussed

91BA0326A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 18 Feb 91 pp 25-26

[Interview with Dagmar Suster, Slovene delegate in the Federal Economic Chamber, by Slobodan Pejovic; place and date not given: "The Dramatics of Recession"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] Businessmen are turning to their association. There are no substantive misunderstandings with the federal government. Money can be found only in the reduction of consumption. Is an economic boycott possible?

Causes for varied speculation have recently been coming out of the Yugoslav Economic Chamber (PKJ). Among others, there is the suspicion that some of the strongest supporters of Ante Markovic—directors gathered primarily in the PKJ—are turning their backs on government reforms. The greatest confusion has been caused, nevertheless, by the correspondence of the Chamber and the Presidency of Yugoslavia. President Borisav Jovic's answer to a letter sent from one of the January meetings of the Executive Council of the Chamber, gave cause for suspicion about still another unprincipled pact against Markovic.

But some other previous events which took place in the building on Terazije did not pass unnoticed. The "war" between Slovenia and Serbia was renewed over the presidential position of the association of the Yugoslav economy. It was "won" by Slovenia and its representative, Dagmar Suster, a man who speaks very bluntly, to whom is attributed a very active role in the Chamber in discussions about the fate of the Yugoslav economy in these very difficult times. Suster does not retreat from his intention that both republic politicians and federal ministers should be forced to do whatever is useful for to prevent the destruction of the economy. He will continue with that, he says, even at the cost of organizing a general strike. Because, that which is now being done with the economy is not reasonable, and no one has the right,

under any pretext, to bring any part of the Yugoslav economy to the brink of disaster.

[Pejovic] Directors of the largest Yugoslav firms are now gathering in the Federal Chamber again. How do you explain that?

[Suster] We have also noticed that, and we're very glad about it. When directors leave their association, that can be a sign that the Chamber is not doing what the economy needs. The obligatory joining together in the Chamber is indeed one thing, but it does not have to mean much, since an enterprise always finds ways to bypass an institution that is not important to it. Now we have a situation that it wants. But, again, there can be a number of reasons why the Federal Chamber has become interesting for organizations. One of the reasons can also be that under the new political relations that have been established in all republics, the places in which economic affairs can be coordinated are less recognizable. In this phase there are too many politics and there is too little economy, and this is equally true, more or less, for all areas of Yugoslavia. Directors are even complaining about very strong pressures from political parties, and such pressures are never good for the economy.

On the other hand, we have an exceptionally difficult situation in the economy; this, by nature, forces directors to try everything to save something. Then the Chamber is also welcome.

I hope and I would like that a third reason also exists, and that is that the current Chamber has succeeded in imposing itself as a strong factor in the functioning of the economy. We have said here: What the government and politicians think about us does not interest us, we care solely that the economy thinks well of the Chamber.

[Pejovic] How would you define the interest of the economy that should be reflected through this institution?

[Suster] In the current situation it is primarily a strengthened segment of current economic policy, or conditions for doing business. Naturally, that which we call current economic policy always assumes some other factors too, from the economic system to the social partnership with a trade union, but the most pressing question at this moment is the current economic situation—from production onwards.

[Pejovic] The Chamber, as well as you personally, are supporting a positive growth rate, as opposed to the government whose concept assumes a further reduction in economic activity as a precondition for restructuring and controlling inflation. Can we discuss your approach in more detail?

[Suster] I thank you for that question, because there are some misunderstandings and speculations about that, although I think our views are quite clear.

We said in the Chamber back in December that the government's anti-inflationary approach is a good one,

and that the problems that arose last year could not be solved through inflation. Secondly, it is not correct that we support a high rate no matter what it costs. On the contrary, we feel that the situation is objectively such that there are no conditions for higher or even no growth, but we have not agreed with the quantifications given by the government. We consider that an anti-inflationary and stabilizing policy can be provided for while at the same time maintaining the same production and social product achieved last year, and not with a reduction of economic activity by, let's say, 6 percent. We consider that this is neither necessary nor good. Dramatic recession can be worse than mild inflation. We in the Chamber and in the economy believe that a zero growth rate or, let's say, a growth of a symbolic 0.5 percent, can be achieved. That must be considered an approach, because to speak in the middle of February about a zero growth rate, after a drastic fall in production in January, and when it is quite certain that this will continue in February and the months to come, is no longer realistic. In recommending a zero growth rate we have thought that finding a way to turn that negative trend around is most important. I would like this request to be regarded symbolically, not that we now literally seek 0.5 higher production in 1991. Because, whatever they have worked out now, several months will be required for production to be restored and to come to a zero growth rate. The approach that we are recommending assumes a modification in current economic policy. First, there would have to be a different approach in monetary policy, then a model for a radical reduction in public consumption is necessary, including maintaining and regulating, as well as reducing, public consumption. Naturally, a somewhat different model for economic relations with foreign countries is also necessary, one calling for more exports and fewer imports, and not what the government is planning—continued greater imports than exports.

[Pejovic] But, without an open economy, it's not that there is not market competition, but that there is not even restructuring.

[Suster] Yes, but look at what our total turnover is. Last year the turnover of goods in Yugoslavia was something more than \$32 billion. Austria, which is just one-third as large as Yugoslavia, had a \$75 billion turnover. With a minus 6 percent in production following last year's drop of 10 percent, and with a greater increase in imports than in exports, the preconditions for stabilization and restructuring cannot be created. Therefore, we say: stabilization and an anti-inflationary policy, but not with the quantifiers proposed by the Federal Executive Council.

[Pejovic] Do you mean to say that the misunderstandings are only about quantifying?

[Suster] Not exactly, since for one type of quantifiers or another it is necessary that the aggregates of economic policy agree in a logical whole. What we are claiming is

that the existing aggregates can agree in such a way as to provide for a cessation of the fall in economic activity.

[Pejovic] You said: A dramatic recession can be worse than inflation. But at the same time you say that you are not for inflation.

[Suster] There is nothing contradictory in that. We are not for a conscious recession, for a further drop in the social product, for a reduction in production. Tell me which country has consciously returned its social product to the level of 10 years ago.

[Pejovic] But the question arises how much is this drop a consequence of government planning and how much is from other shocks—from internal protectionism to various financial breakthroughs?

[Suster] The program of 18 December 1989 was good at first glance. Then it was perhaps possible to discuss two built-in errors in it. The first, and greatest, is that the program did not limit public consumption, because such a program cannot begin unless the country's consumption is reduced. The other mistake could be setting the exchange rate at one to seven. Further, that program would have had to be implemented in 11 minutes and not 11 days, because in those 11 days inflation could no longer be 40 percent, as projected, but 60 percent.

These several errors can cause the greatest harm in that the government, like no other government up to now, succeeded in keeping the program secret. The factor of surprise is very important for such a program. The previous approach, to reduce inflation through developmental policy, has no popularity in practice. But that basically good program did not take place, first because of initial mistakes, and then because of mistakes in administering the program. The government adhered firmly to the quantifiers established; it did not correct them although severe problems with consumption arose in the meantime, inflation was not reduced as expected according to the model, the frameworks of monetary policy could no longer be maintained. Instead of adapting quantifiers in the second phase, in June the government moved into a reform of ownership, which from the standpoint of historical inevitability is quite all right—but all this did not affect current economic policy. When a political segment is added to all this, when the republic governments, primarily in Slovenia, Croatia, and Serbia, ruthlessly defeated the program, then the result had to be what it is.

I will never admit that current economic policy and the anti-inflationary program are some super science. It is no great skill to formulate a consistent model; the skill is in possessing a feeling for the creative administration of this model and in the assessment of its capacity to be implemented. Never does what you want go as it is planned, periodically you must make very delicate moves, even unrecognizable ones, for the broader public.

[Pejovic] You said yourself that the government counted on a development factor as one of the instruments, but

the worsening of the political situation in the country has practically stopped any possibility for the entrance of money from the outside, which was very specifically counted on.

[Suster] The Yugoslav economy continues to consider that a stabilizing and sanitizing program is necessary. I say this based on conversations with several hundred directors of the largest Yugoslav enterprises that come here. The key problem is—money. Well, and now, the question is how to get it. Unfortunately, because of the political context at this moment, we cannot count on foreign funds. Where to find them then? Some consider that it's best to print them. That would be the easiest thing to do. But that would be the worse solution, because it would automatically mean inflation—even hyperinflation. If we do that, then we paid last year's account, which is huge, for nothing. With inflation all problems would appear at a higher level and demand a higher price than we have paid.

In the economy and the Chamber we believe that money, without which the economy simply cannot continue, should be taken from consumption. I do not know whether you are familiar with the quantifiers, but in short: Public consumption broke through last year with more than \$10 billion overspent. There was also a great breakthrough in personal consumption, so that in December alone we had total consumption of over \$6 billion, and the Yugoslav economy simply cannot support this. That's the end of the story.

The government has planned on a public consumption this year of 515 billion dinars, and we think that this is simply unrealistic. There is as much money as there is and, if you accept sound farmer's logic, which I cite with the greatest pride, then the only solution is to spend as much as there is. In January salaries were paid in the amount of \$28 billion (in December it was \$38 billion). Not because of the law or anti-inflationary or stabilizing awareness, but because there was not any more money.

Regardless of whether there will be one, two, five, or six countries in the area of Yugoslavia, this shrinkage of public consumption must be brought about. One republic says: we cannot cut back. But all must cut back, perhaps that republic and most of the others. That will happen whether we like it or not. We are angry with the government because it has not proposed that without which we cannot go on.

[Pejovic] It's now proposing...

[Suster] I was with the ministers yesterday (11 February—editor's note) and I said that we do not agree with this proposal, because it does not suffice or effective enough. I also said that we will add amendments in the Assembly. As an economy, we will boycott such public consumption.

[Pejovic] This boycott has already been mentioned, but how will it be carried out technically?

[Suster] Why would it be impossible? If we have come so far that the economy of the entire country will not pay for such public consumption, then it is a civilized action when something is forcibly taken from its account. The economy can say: We are not paying for anything for the next 14, 20 or 30 days until the problem is solved. In the final analysis, we can also go to the question of placing trust in the deputies and the governments, and to the last resort of organizing, together with the trade union or without it, a general strike. I cannot claim at this moment that this would be accepted everywhere, since there are very great pressures, of a personnel and other nature, but the economy has the means to carry out such a forcible step. We set that in motion in the Executive Council and this will be the topic at the Assembly of the Chamber on 27 February. We will see what happens in the meantime in the Federal Assembly and the Presidency of the country, but we must say that we are not playing any political games, we are saying clearly that what is being sought from this kind of economy cannot be collected. By reducing public and then personal consumption as well, conditions could be created for changing trends and for the beginning of the revival of economic activity. Only an economy that has economic activity can pay.

[Pejovic] On the one hand we are talking the whole time about the economy as a whole, an economy that has evolved and has functioned, and on the other hand we are talking about prospects for a political solution that are quite unclear. Under these circumstances, how can you assure what you are supporting?

[Suster] I do not think that any intelligent person can dispute the objective interest of all parts of the Yugoslav economy, regardless of the future political system, in the existence of a uniform economic area. I do not see a reason why any variant of a political outcome would have to skirt such a fact. This is now the key question: how this economy will survive until a political solution is reached. And afterwards things will run their course in a way that interests dictate. I consider that two groups of measures are necessary at this moment. The first is from the sphere of current economic policy, about which we have already talked somewhat, where the emphasis on public consumption is conditioned by the situation at the moment. The second group of measures would have to involve blockades, obstinacy, not respecting obligations—in general, all those barriers that suspend legal and economic order. It is impossible for the economy to function with so little respect for the rules of the game, but that has been imposed by the dualism that now accompanies the economy. The Slovene and Serb economies now equally have two bosses: the federal and republic government. But these two bosses behave completely differently, and this destroys every enterprise, every economy. These measures of simplicity, protectionism, and revanchism are obvious politicization, which always works to cause its own harm. An economy is merciless. You make an error, the bill arrives. Even if you do not want to pay, the bill will arrive and you will

have to pay it. There are no variations here. Political speculation, demagogic, and games cannot be mechanically applied to an economy. The economy simply will not withstand it.

[Pejovic] Events in the Economic Chamber of Yugoslavia and around it have attracted the attention of the public lately. You mentioned some speculation yourself and it indeed exists. It is speculated that the Chamber has been "pulled" into conflict with the government through the correspondence with the Presidency of the country. This correspondence has provoked the following question: Is the economy, through its association, rejecting programs that it wholeheartedly supported in the beginning?

[Suster] I have already said to you that the general reform approach to the economy is not disputed. Moreover, the concept of reform began even before this government, although the contribution of this government has been decisive. The economy supports reforms since they are in its interest. But if there have been brief misunderstandings or differences, then they have been exclusively about current economic policy. No one can be satisfied with an economy in which production dropped in one year by 11 percent and that lives in the milieu of a blockade. If we said that it is not good to plan

on a production of 6 percent below the already drastically reduced production of the previous year, then it is an erroneous conclusion that someone who criticizes this is automatically against the government. This indication of dissatisfaction is later regarded as identical with the attitudes of those who are conscientious, and also it cannot lead to the conclusion that we are against the government.

[Pejovic] But this letter...

[Suster] Two things about that have to be clarified. First, the letter came out spontaneously at a meeting of the Executive Council and no one had it in advance, either as an idea or as a proposal. Second, it was an excellent opportunity for businessmen, when they met back on 9 January—thus on the eve of the "summit" in the Presidency of the government—to appeal to such a meeting. Our intention was primarily to seek a resolution of the political situation in which even the government cannot work. We said then that dragging things out with the political solution has a progressive cost for the economy of all of Yugoslavia and that the problem is no longer how to get foreign credits, but continuing cooperation with foreign partners and within Yugoslavia. But I would say that the fact that this appeal of ours is being interpreted differently does not especially burden us in the economy. Political tensions and the threat of drastic recession are burdening the economy.